

BACK TO THE FUTURE:
SOME IDEAS FOR THE ECONOMIC REJUVENATION OF VICTORY SQUARE

by

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ABSTRACT

The thesis analyzes policies and programs appropriate in responding to the decline of the Victory Square Concept Planning Area, which was once at the heart of Vancouver. This topic is important in light of similar situations throughout North America. Victory Square is located within the larger Downtown Eastside, whose fractious political climate may reduce the likelihood of success in future community undertakings. The thesis reviews relevant economic theory and the merits and methods of public sector intervention. Questions are raised as to how seriously the City has taken the problems of the Square area from an historical perspective, how effective its current policies are and whether the VSCPA is a legitimate planning area. A Community Economic Development approach is advocated due to the shortcomings of "traditional strategies. Vancouver's unique post-Fordist economy has encouraged the growth of the Victory Square Concept Planning Area's creative design sector, which has been accompanied by an increase in cultural and educational institutions. In order to increase retail activity, three strategies are available. Retailing is important not only for individual entrepreneurs and potential employees but because it also businesses and ancillary services, while serving the increasingly integrated production system. A larger population would include some higher-income singles, more working women and career-oriented professionals/managers with greater disposable incomes and pursuit of leisure and cultural activities. The author advocates legalization of illegal and lower-rent artists lofts, the encouragement of residential development and heritage conversion as well as limited tourism. Although heritage conservation activities are often viewed as precursors to gentrification and cost benefit evidence is non-conclusive, it can create youth employment and a diversity of social and mixed-income housing and commercial space. The main issue for heritage property developers is whether the value of a structure after rehabilitation exceeds the hard, soft and rent-up costs of acquisition, rehabilitation, operation and disposition. While increased economic activity will hopefully raise the income of all local residents, this cannot be assumed nor would such change be immediate. Effective public policy-making, partnerships and private sector initiatives should be mobilized to restore and renovate a judicious mix of heritage structures into a viable combination of mixed-residential, retailing, office and public space, while striving to maintain services and accommodation for the low-income population.

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CHAPTER 1: INTRODUCTION

1.1. The Context

Although the Victory Square area was once at the heart of Vancouver's economic, social, educational and civic life, it has been in decline for several decades and undergone a multitude of changes. This deterioration has presented various challenges such as the need for economic revitalization, preservation of the area's scale and character (including its heritage building and other landmarks) and the retention of low-income housing and services catering to its current population. Other issues relate to design, the polarization of perspectives within the community, the need to foster a common identity, a high transient population, spiralling social and criminal problems including drug use, high HIV incidence, theft and physical safety and social/political issues such as whether certain drugs should be decriminalized. The lack of education, skills training and applicable work experience of many residents coupled with a high incidence of mental illness, specific problems relating to native peoples, immigrants and women, the potentially negative impacts of current or proposed developments and the lack of residential and retail establishments in the area immediately surrounding the Square are also problematic. The question is often raised as to whether the preponderance of low-income residents and related services should be as concentrated in one part of the Lower Mainland or scattered throughout various neighbourhoods and municipalities, which would represent much better burden sharing. On the other hand, some argue, such action might lead to service inefficiencies and a loss of community stability.

Other developments affecting this neighbourhood include the rapid changes being experienced throughout the entire Lower Mainland metropolitan area resulting from

changes to downtown and metropolitan economies generally, Vancouver's continuing role in the development of Canada's Asia-Pacific relationships and globalization. While these trends impact individual communities differentially, failure to recognize and effectively and expeditiously cope them will only exacerbate the existing situation and make difficulties more costly to remedy in the longer term (if in fact, they can be).

1.2. Objectives

This study raises the important question of what policies and programs might be appropriate in responding to particular aspects of the above context. In particular, this thesis aims to:

1. provide an interpretation of Victory Square's history which helps explain its current predicament;
2. offer a more detailed discussion of Victory Square's built environment than has been done in the past;
3. assess the economic arguments for heritage preservation;
4. based upon some of the above conclusions, propose a community economic development approach to revitalize Victory Square and the immediately surrounding built environment which would include:
 - strategies for the retail and tourism industries,
 - job creation benefitting area residents,
 - increasing the local residential population, and
 - recognition and mitigation of the impacts of major proposed developments.
5. examine whether gentrification is inevitable if some or all of the activities suggested above are pursued.

These five objectives are closely related as any efforts to promote community economic development must include discussion of how an area has evolved in order to better understand its complexities and how its assets can best be maximized through the pursuit of specific strategies. In addition, thought must be given to coping effectively with future development if the low-income population is to be protected. Wherever possible, examples from other relevant contexts will be provided.

1.3. Scope and Limitations

Although this author would like to have dealt with all the issues raised in Section 1.1. in a holistic and comprehensive fashion, this is obviously beyond the realm of a single thesis. Ideally, detailed discussion of one of the topics to be included such as the preservation of heritage long-term housing would include detailed consideration of affordability, financing, governance, design, the views of low-income residents and location; thus, the scope of the thesis will be limited to those issues raised in Section 1.3.

1.4. Community Economic Development or Traditional Approaches?

Since the 1960's, increasing emphasis has been placed upon what is commonly termed "community economic development" (CED). Although there is no fully articulated definition of CED (Swack and Mason: 1994), various models have been derived including those pertaining to growth equity, loan/technical assistance, human resource and employment development and planning advisory (Lewis: 1994). As such categorization may be somewhat restrictive and/or mutually exclusive, it is more efficacious to outline some major principles, including:

- the economic self-reliance of communities (including recycling, conservation, import replacement with a local economic multiplier effect and invention) as opposed to dependence on outside economic forces;
- ecological and economic sustainability emphasizing diverse and qualitative development over quantitative growth;
- development geared to human needs such as shelter, food, education, security, integration and autonomy rather than a more single-minded accumulation of material wealth;
- the empowerment of communities through self-management and grassroots participation. A compelling argument has been made that as traditional economic development commissions and chambers of commerce do not work in tandem with the community, they lack the ability to directly and effectively intervene in the social and economic fabric (Roxburgh:1997); and
- endogenous development stemming from the unique history and culture of the community as opposed to uniform development based on a set of corporate standards or socially defined norms (Nozick: 1991).

Proponents of CED generally argue that "traditional" macro-economic, corporate, regional, small business and urban planning approaches to economic development are inappropriate both from policy and market perspectives as they exclude those already on the periphery. In addition, they tend to limit development objectives to the economic realm and cannot be sustained over time when the elite leadership loses interest or departs (Nozick: 1991).

The innate and widespread bias toward the traditional approach was well reflected in a recent *Vancouver Sun* article entitled "Community Groups Back New Convention

Centre" (December 4, 1998). Suggesting that the new tourism and convention centre "is likely to receive the blessings of its future neighbours," the article limited its quotes to representatives of the property and business oriented Gastown Homeowners Association and the Chinatown Merchants Association. No reference was made to the other groups which oppose or have serious reservations regarding the development, including Heritage Vancouver and the Downtown Eastside Residents Association.

Notwithstanding the above, it is also fair to say that some CED practitioners are undoubtedly idealistic and perhaps even zealous in their criticism of conventional economic development and the motives of its practitioners. At the same time, traditionalists may not be entirely "heartless" nor is it wise to discount or take advantage of external trends or developments. As such, this author contends that there is significant room for conciliation between the two perspectives and that this is necessary if we are to overcome current challenges. Indeed, the Urban Land Institute (ULI) conducted a series of panels in various American cities from 1986-92 and recommended various remedial actions to revitalize low-income neighbourhoods (Suchman: 1994) which are remarkably similar to Nozick's. Recognizing that some differences between the traditional and CED approach may nonetheless exist, it is also unrealistic to anticipate that aspects of the latter would be wholeheartedly accepted by traditional civic administrations such as that of Vancouver. It is hoped, however, that at least in the short term, some CED principles can be implemented in certain circumstances to augment current strategies. The Victory Square area would be an excellent point of departure.

It should also be noted that given the limited scope of this thesis and consistent with the CED tenets described above, this author is concerned more with the concept of a "complete community", where residents can be afforded the opportunity to live, work, recreate and shop in the same area (which secondarily may reduce urban sprawl, energy consumption and demands upon public investment and infrastructure). This is in some contrast to the more fashionable although no less important ecologically-oriented notions of sustainability proffered by Wackernagel and Rees (1996) or Roseland (1992).

1.5. Definitions

There are a number of definitions which are important for the purposes of this discussion. With regard to geographical designations, "Victory Square" is considered as that area comprised of Victory Square Park itself and the surrounding streets, lanes and sidewalks, in particular the -200 and -300 blocks of West Hastings and Pender streets and Hamilton and Cambie streets. Section 4 of this thesis will give particular emphasis to the built structures immediately surrounding the Square. The "Victory Square Concept Planning Area" (VSCPA) has been designated by the City of Vancouver as that territory lying west-to-east between Richards almost to Carrall and from West Pender north to the lane running between Hastings and Cordova, then following an irregular pattern to the eastern boundary. Although the City of Vancouver does not formally recognize the "Downtown Eastside" as a planning area, it does recognize that as a notional area there are several neighbourhoods, including Victory Square, Gastown, Strathcona, Chinatown, Thornton Park, Hastings Corridor and the Industrial Lands. While the absence of official recognition may be accidental, it may also be due to one or a combination of the City's unwillingness to demarcate (and

thereby "ghettoize") an area of the city containing many of its most serious problems or deliberate attempts either to marginalize the effectiveness of its population or contain the preponderance of the City's social ills to one neighbourhood. The boundaries of each of the above designations are provided in *Appendix I*.

The notion of defining neighbourhoods on a small scale with regard to rejuvenation is promoted by diverse groups and individuals as the ULI (Suchman: 1994) and Jane Jacobs (1961). While small area designations accord with the specialized nature and needs of small districts and can be seen as an expression of the ethnic, social, economic and land-use diversity of post-modern planning, care must also be taken to recognize commonalities, externalities and planning strategies related to other neighbourhoods and/or larger jurisdictions. In this regard, the *City's Victory Square Concept Plan (VSCP)* gives recognition (in principle) to the needs and aspirations of neighbouring Gastown, Chinatown and International Village, the downtown peninsula, the entire City and the Greater Vancouver Regional District (GVRD). At the same time, one should not assume that the solutions which apply to one neighbourhood will necessarily apply to another. Indeed, "[t]he essential characteristics of local associational life are diversity, proliferation and informality" (Kretzmann and McKnight: 1993).

Appendix II is an exemplary list of Vancouver's growing market-based and private sector services economy. These have been discussed in considerable detail by Coffey (1994) and Hutton (1994, 1997, 1998), while Brail has done an excellent job in documenting the existence of applied design and creative services (with which this thesis is particularly concerned) in Yaletown and Victory Square (1994). Coffey

considers that the service sector has the greatest potential for stimulating growth and development in advanced, highly-tertiarized urban economies. Practitioners of applied design and creative services usually require dense and proximate backward and forward linkages (also described as face-to-face "symbiotic" contact) with head offices, which in the case of Vancouver, are generally found in the Central Business District (CBD). Brail determined that in the case of the Yaletown and Victory Square, backward linkages to suppliers were more important than forward to clients and buyers.

Floor Space Ratio (FSR) is the floor space permitted on a zoning lot in relation to its size. Depending on the context, a lower FSR might be .5 to .75 and this is often applied to suburban detached residences where space has traditionally not been perceived at a premium. In more built up areas, the FSR may be higher (5 to 6), providing developers (whose goal is normally to maximize profit) with flexibility to determine whether to build low, covering most of the lot or high, covering a smaller part of the lot (Meshenberg: 1976). Views on density are gradually changing as larger urban communities grapple with growth and sustainability and recognize that larger lots are now less defensible.

Gentrification is one of the most commonly discussed phenomena in the planning and urban studies literature. During the 1960s, well-intentioned efforts to ameliorate urban social injustice by affluent middle class professionals were accompanied by a realization by the latter that inner cities could be extremely attractive place to live. As a result, older residential districts were renovated for (or by) suburban "migrants" desirous of more high-amenity and familiar environs, initiating a social transition whereby longer-term, lower-income residents were displaced (Reid: 1988). In addition to the tension

described above, the well-intentioned middle class social justice reform program was also disrupted by recessions, increasing public debt and the emergence of neo-conservatism. Indeed, cultural and environmental policies are no longer in opposition to the development paradigm and have actually been "harnessed as part and parcel of a growth strategy" (Ley: 1996). As evidence, the City of Vancouver's 1983 *Arts Means Business* report suggests that cultural industries can bring more wealthy, theatre-going suburbanites back to the city core, thus making direct links between arts policy and inner city reinvestment. The newer (undated) CityPlan publication # 9, *Culture and Education*, appears to be a rewrite of the 1983 report, emphasizing "economic pursuits" with no reference to the possible downsides. The opportunity costs of expenditures on sports stadia, convention centres, tourist attractions and arts complexes raise serious questions regarding the meaning of the central city, polarize integrated housing and labour markets, inflate inner-city land values and reduce the bidding power of the less privileged (Ley: 1996).

The American literature indicates that there has often been rapid and significant socio-economic decline with revitalization (Listokin *et al.*: 1998), although the nature of this process may vary. While the Savannah, GA. national historic district preservation process was less detrimental to low-income residents than other undertakings, the significant public subsidies used to mitigate possible negative effects are no longer available. It is also the case that displacement and other negative-impact data tends to be collected only locally and sporadically by tenant advocates and housing activists depending on the activity levels of these movements (Smith: 1998). The reporting of these trends is also generally given less shrift than the initial optimistic announcements and "sod-turnings" featuring notable civic and national figures.

A variety of techniques have been advanced to avoid displacement or "forced flight" by the less privileged, including: 1) land-banking of abandoned housing for designated use, 2) subsidized rehabilitation of government owned-buildings for low-income tenants, 3) tenant management or ownership, 4) inclusionary zoning which guarantees provision of low-income units, 5) "granny flats" which expand use and make viable older-single family homes, 6) "anti-flip" tax impositions on quick property turnovers at spiraling prices increases and other tax policies moderating turnover and high-profit-taking and 7) foundations which can be the vehicles for risk-taking (Brandes Gratz: 1994). While 'granny flats' are not an option in the VSCPA due to the absence of single family detached dwellings, some of these techniques are consistent with a CED approach, while others would be criticized for their potential distortional and negative effects upon the economy. Greater analysis of these techniques follows.

While there are those who believe that the term "gentrification" has outlived its usefulness (Rypkema: 1997), this author believes this is far from true. Indeed, whether it is possible to avoid gentrification is a fundamental issue in evaluating the potential for economic revitalization of the Victory Square area. Of particular interest in this thesis is the potential impact of heritage conservation, which is often considered a cause of gentrification. As many VSCPA low-income, longer term residents live in heritage designated single resident occupancy (SRO) hotels, restoration and maintenance of the latter could serve the cause of preservation.

1.6. Significance

One of the important aspects of this thesis is that the issues currently facing Victory Square are similar to those faced by inner city areas throughout North America. The

prominence given in the local, national and international media to the issues of homelessness, crime, HIV and drug use has also given Victory Square (and the City of Vancouver) considerable and unwanted notoriety. It is hoped that this thesis can make a contribution to more effectively addressing at least some inner-city challenges. A particular concern noted by both City officials and respondents to this author's 1998 study was the lack of economic vision in the 1995 *Victory Square Concept Plan*. A major aim of this thesis is to help address this need by critiquing the revised *VSCP* and look at appropriate residential development, employment creation and retail strategies. This thesis will also explore whether heritage preservation, which has generally been viewed as a less urgent, more "middle class" preoccupation in inner cities, can achieve legitimate economic, social and ecological gains ends for local residents and the larger community.

1.7. Method

A variety of methods have been employed in undertaking this thesis including an area study, analyses of other commercial and heritage districts, a literature search, review of documentation, building inventory and key informant interviews. The author's study of merchants and building owners was undertaken for the City's Central Area Planning Division during the summer of 1997 to determine and analyze attitudes toward economic revitalization in the 300 and 400 blocks of West Hastings, which lead to Victory Square itself. Although these blocks are not in Victory Square itself, they are in the *VSCPA* and thus the study's results are largely applicable to the Square. The blocks were selected because:

- Hastings Street has been identified as both a major thoroughfare and potential retail area by the City;

- they are close to the CBD and lead to Victory Square itself;
- a much greater proportion of street level spaces are occupied than on Hastings east of Victory Square; and
- concentration on a relatively small area would permit a more detailed analysis.

The intent had been to interview both business owners/managers as well as building owners. Given time constraints, an unwillingness of some building owners to participate and the fact that Cantonese proficiency would have been necessary, this was impractical. Fortunately, four business owners were also building owners so the researcher was able to ascertain the views of a small number of the latter.

The study comprised street observations, a key informant discussion with Mr. Dieter Kloepper of the West Hastings Revitalization Association, a survey of business owners and managers and a review of relevant City planning documents, retail and urban studies literature and media reports. More detailed conversations were held with important managers and owners, but due to the anonymity and commercial nature of the study, confidentiality will be respected. The intent was to interview street-level occupants, given that many upper floors are vacant. Of 25 potential interviews, nineteen were completed (or 76 per cent). Of the six who could not be interviewed, this was due to potential respondents' unwillingness and in one case each, summer vacation and the researcher's inability to identify the appropriate contact. Notably, that business has now closed. Among those interviewed were eight respondents whose premises were in the basement or upper floors. Owners and managers of both traditional profit making enterprises and not-for-profit activities were interviewed as both provide employment and draw people to the area. From a community economic

development perspective, both types of activities are of importance. Of four street level premises then vacant, three been filled while another has closed.

This author has also undertaken other research related to the issues confronting Victory Square and a Dunbar business revitalization survey. While many of Victory Square's heritage and social issues do not confront the Dunbar business community, other issues such as local hiring and the nature of redevelopment are shared. This author has also been active with Heritage Vancouver, an advocacy group which has taken a strong position with regard to preservation of the area. In this regard, this author organized public meetings relating the impact of the new expanded tourism and convention facility (Portside) on Gastown's built environment and preservation of Victory Square in light of current and impending inner-city developments and the 1995 *Draft City Victory Square Concept Plan*.

In 1994, SCARP Master's candidate Shauna Brail completed a very useful thesis which concluded that creative service firms have a positive impact on urban economies as business support services, exporters of design services and as value-added activities generating local income and employment, as well as contributing to the recycling and revitalization of inner city districts. Brail made some general planning and policy recommendations, including the need to maintain diversity in the downtown area and encourage urban neighbourhoods amenable to creative service firms through compatible land use. For the purposes of her analysis, Brail surveyed 24 architects, graphic and interior designers drawn from the 1993 Vancouver *Yellow Pages*. This author consulted the 1997 *Yellow Pages* were consulted and the categories of creative design professionals expanded the categories to include commercial and fine artists,

planners and enterprises such as talent agencies and production facilities related to the film industry.

An extensive urban studies, retail geography, economic development, heritage preservation and planning literature review was undertaken. In addition, relevant Canada Mortgage and Housing Corporation and Human Resources Development Canada (HRDC) figures were culled and interpreted. The City's Heritage Registry files were somewhat useful while Leslie Butt's *Victory Square Resident Survey*, undertaken for the City in November 1993, was of considerable value. Although the latter is now five years old, much of it remains accurate due to the preponderance of long-term institutional residents. Assessment records culled (but not interpreted) by Professor Nick Blomley and a research associate at Simon Fraser University were also helpful. Due to the high volume of reporting on the area (which underlines the importance of this thesis) and the myriad of related issues, constant media monitoring was warranted.

This author also interviewed various stakeholders and potential actors including (but not exclusively) the Executive Director of the Downtown Eastside Youth Activities Society, the Community Affairs Coordinator of the Downtown Eastside Residents Association, the Executive Director of Tradeworks Training Society, the Supervising Coordinator of The BladeRunners Partnership, program officers with VanCity and Westcoast Community Enterprises, an official with Brook Development Planning and the President of Tonko Novam (Development and Management). The Project Manager for Greystone Properties' Portside proposal, a Senior Preservation Consultant with the Heritage Branch of the B.C. Ministry of Small Business, Tourism and Culture, various design professionals located in Victory Square and the surrounding areas, realtors, City

Hall staff, the President of Seattle's Pioneer Square Neighbourhood Office and the City of Victoria's Heritage Planner were also consulted. Speeches and corridor discussions at meetings of Heritage Vancouver, Heritage Canada, City Hall public hearings related to issues such as the Portside tourism and convention centre proposal and Simon Fraser University's City Program recent conference, The Economics of Heritage Conservation, proved valuable.

CHAPTER 2: THE FRAMEWORK FOR ANALYSIS

2.1. Introduction

In order to better understand the specific challenges confronting Victory Square and make appropriate recommendations for economic rejuvenation, one must understand past and current conditions, including its inhabitants, politics and economic activities. From a broader perspective and in order to make useful suggestions, it is helpful to examine the nature of business cycles, the merits of public sector intervention and the increasing need for community partnerships and the nature of employment generation and the role cities can play therein. Trends in retailing, tourism and related economic development strategies will also be examined.

2.2. Current Population

2.2.1. Victory Square

What is critical regarding Victory Square itself (as opposed to the larger VSCPA or Downtown Eastside) is the lack of residential community, with the exception of several artists living illegally above the Cannabis Café. The latter have been so frightened of eviction that only one would speak to this author during his 1998 survey and even then, in the most cautious terms. With the additional exception of some transients who may sleep in the park or alleys, the Square is essentially deserted in the evening and on weekends. Apart from the day-time design, education and office community, this lack of population means that few people take particular interest in the Square's fate, particularly in the evenings and during weekends.

2.2.2. Victory Square Concept Planning Area (VSCPA)

The VSCPA is an area smaller than the Downtown Eastside but larger than that which is the focus of this thesis. The excellent and informative survey undertaken by Leslie Butt for the City in 1993 and subsequent City of Vancouver *Downtown Eastside Community Monitoring Report[s]* form the basis of much of our specific knowledge of its population, although it should be noted that both these sources are not exhaustive and that since the Butt survey, the number of transients has increased. Butt undertook 281 interviews with residents of five forms of housing, including SROs (Single Room Occupancy hotels), Pendera social housing, the Central City Lodge special needs facility, live work facilities and condominium and rental apartments. There are no detached single family dwellings in the VSPCA while SROs house the majority of VSPCA residents. These premises are older residential hotels and rooming houses with small single rooms where tenants normally share bathroom and often cooking facilities (although some rooms have refrigerators and stoves or hot-plates). Most include a bed, dresser and sink. In 1996, the VSCPA SRO vacancy rate was seven per cent, the lowest among Downtown Eastside sub-areas (City of Vancouver: *1996 Survey of Low-Income Housing in the Downtown Core*). If the City's figures indicating that VSPCA SRO's increased from 1991 to 1996 by 4.5 per cent (*ibid.*) (the sole Downtown Eastside sub-area to do so) are correct, this is probably a reflection of greater demand and should be seen in conjunction with the acute problem of SRO conversion to tourist hotels.

The vast majority of Butt's respondents were single, male and poor, while the average number of years of schooling was ten. Residents from the SROs, Pendera and Central City Lodge comprised over 80 per cent of the VSCPA population, and in these

categories the average age was close to 60. This relatively high average age suggest that the likelihood that the infamous level of criminal activity in the VSPCA is the more probably the result of outside or transient elements. While safety was not a major concern, this view has likely changed with recent developments, including the rapid deterioration of the -100 block of West Hastings and increase in drug and related activity. Most SRO residents paid more than 50 per cent of their income on rent, which is higher than both the Vancouver and national averages. One of the consequences of this situation is that local residents have little disposable income which can be legally recirculated in the local economy, which is an important element of CED and sustainable communities. Most residents shopped at the Army and Navy Department Store and Save-on-Meats. The latter is the closest large grocery and is located in the VSCPA but considered expensive by respondents. The majority of respondents had lived in the area for 15 years. The preponderance of social services used were located outside the VSCPA to the east while their health status was four times worse than the national average.

2.2.3. The Downtown Eastside

The larger Downtown Eastside is Vancouver's oldest neighbourhood, one that became an extension of the province's resource economy with its canneries, sawmills and meatpacking plants (Hasson and Ley: 1994). As the CBD moved to the west, the Downtown Eastside become less affluent and marginalized. While the heart of Chinatown remained healthy until recently, an increasing number of post-WWII residents were less mobile retired resource workers, unemployed or unemployable due to physical and mental challenges. By the late 1960's this group was joined by transients, the middle-aged, elderly, youth, alcoholics and aboriginals while substance

abuse was considered rife. A 1965 City map referred to the area as "skid row," a term which likely had its origins from the original logging industry which was important in many North American port or resource oriented centres but which often became a derogatory moniker.

The City's Spring 1998 *Downtown Eastside Community Monitoring Report* provides more current, precise and disturbing statistics than the Butt study. While separate figures for the VSCPA are not provided, those for the Downtown Eastside can be considered illustrative. With only 3.4 per cent of the City's population in 1991 (16,076 of 514,008), the Downtown Eastside's median income was \$10,585 compared to \$34,174 for the City as a whole, and low income incidence was 73.4 per cent. Income assistance caseload by family type was approximately 6,500 (single men), 1,500 single women, 400 (one parent families), 100 (couples) and 100 (two parent families). Of the City's 7,044 SROs, 77.9 per cent were found in the Downtown Eastside. The total number of SROs declined by 2 per cent from April 1994 to June 1996 and this pace has accelerated due to the tourist hotel conversions mentioned earlier. The 1997 *Criminal Code* offence rate per 1,000 inhabitants was 812 compared to 187 in the rest of the City. The *Vancouver Sun* also recently reported that the area had 28 per cent of the City's total bar seats, 47 liquor licences yet only 1.1 per cent of the total park area (September 19, 1998). While the lack of recreation area may have originally been related to the DE's central location, both its persistence and consequent lesser quality of life are reason for concern.

What is less frequently considered in understanding the Downtown Eastside is that with the partial closure of Riverview (psychiatric) Hospital beginning in the early 1980s and

the subsequent failure of successive provincial governments to establish promised alternative facilities and community services, there may be as many as 8,000 displaced persons (many in need of proper medication and counselling). In addition, there are possibly up to 6,000 individuals on criminal probation (discussion with Bob Gilson, Executive Director, Tradeworks Training Society and former Ministry of Human Resources social worker). These individuals are generally unemployed and homeless, finding shelter or food as they can, often wandering seemingly aimlessly and contributing to the area's instability, in part by the illegal sale of prescription drugs to those "desperate for a fix".

2.3. The Politics of the Downtown Eastside

The railways played an important and sometimes controversial part in Vancouver's early development not only in their welcome transport of goods but also by their control of large land tracts. In 1965, Canadian Pacific Railway announced its intention to demolish much of Gastown along Water Street which was considered by many to be derelict and unsightly. These plans were part of the larger Project 200, the purpose of which was to create a major expressway along the south shore of Burrard Inlet (which would parallel Carrall Street essentially severing the heart of the DE), a third bridge crossing of Burrard Inlet at the north end of Jarvis and Butte streets and the construction of numerous waterfront skyscrapers. Three buildings were actually erected, including the Woodward's garage, the CP Telecom centre and 200 Granville Street (now the home of the *Vancouver Sun*). The CP Telecom Building is considered by many to be a forbidding, inward-oriented structure which served to depersonalize the neighbourhood. The project also illustrated a greater concern for the provision of

a more middle-class oriented automobile related infrastructure than responding to the needs of lower-income residents.

While opposition to the complete project prevented its completion and the threat to historic Gastown kindled interest in heritage building preservation, those buildings which were renovated as dwellings were beyond the income reach of local residents. In part as a result of repeated and frustrated efforts to consolidate an affordable and livable low-income district, the Downtown Eastside Residents' Association (DERA) was formed in 1973. Begun as a protest organization to "contend with the evils of skid row" by penetrating "the state through the electoral process" and embarrassing the government (Ley, Hiebert and Pratt: 1992), DERA successfully fought increased industrial zoning in the area and had the community designated as a federal Neighbourhood Improvement Area. While the Association has proved effective in enhancing public services, establishing cooperative housing and reducing SRO fire code violations, it has never succeeded in its long-time efforts to persuade the City to designate the Downtown Eastside as a distinct planning area, as stated earlier. In its concomitant struggle against corporate redevelopment, DERA is considered by some to be model for several of the types of CED described in Section 1.4.

An unfortunate remark by Premier William Bennett in 1986 perhaps illustrates the conventional development paradigm discussed in Section 1.4 and certainly did nothing to assure local residents that their concerns were understood by the larger community. During an April 11 CBC Radio interview, Bennett remarked that Expo 86 had achieved what the City could never do, namely "get rid of the slums" (Hasson and Ley: 1992). With the departures from City Council of both Bruce Ericksen and Libby Davies (who

probably over-represented the Downtown Eastside in comparison to the total City population), DERA activists feel underrepresented on a Council currently controlled by the Non Partisan Alliance and considered more conservative than the previous coalition.

DERA is only one of perhaps several hundred organizations active in the DE and probably claims greater legitimacy than it actually commands, given that its current membership stands at approximately 4,500 compared to a DE population of 16,000. In contrast to DERA's focus on broadly based social justice and democratic needs, the efforts of traditional Christian missions such as First United, St. James Anglican, the Central City Mission and the Salvation Army' centre on needy individuals (Hasson and Ley: 1992). During this author's various interviews, many activists opined that one well-known long-time activist had "sold out" to the provincial government, for whom this individual was now working, and therefore no longer truly represented "the grass roots." Although there would appear to be some truth to such comments, this sort of partisan, insular invective obstructs progress in the long run. A second difficulty is that as the various interest groups and agencies receiving government, private or foundation financial or other assistance will not wish to see their role or legitimacy diminished, it is perhaps in their own interests to perpetuate the *status quo*. Thirdly, those associations and agencies working in the neighbourhood may each have somewhat different and possibly conflicting approaches toward problem-solving and consider own perspectives preferable (*Vancouver Sun*, February 8, 1999).

Undoubtedly, this fractious or oppositional political climate in the Downtown Eastside both within the low-income advocacy groups and among other stakeholders will likely

reduce the likelihood of success in future community undertakings. Indeed, the *Vancouver Sun* recently reported that a "fragile peace" between the Downtown Eastside's social activists and poor on the one hand and business groups and middle class residents had been "shattered" over the issues of drug treatment resources and protection of low-income housing (May 28, 1998)

2.4. Economic Activity

2.4.1. Victory Square

While figures for the Square itself are unavailable and this author was unable to undertake an exhaustive and consistent analysis of specific indicators such as total gross income per building or number of employees, some general observations can be made regarding activities of each building and general real estate developments. This is appropriate not only to give a sense of the types of economic activities currently being pursued but also to contemplate what might be usefully added. Subsequent analysis will be made of each building's respective architectural/historical merits as this author seeks to determine the extent to which heritage building preservation and enhancement could also contribute to the economic rejuvenation of Victory Square.

There is little outdoor activity in the Square due both to safety concerns and a lack of publicly-oriented commercial activity such as stores, restaurants or kiosks. While the latter are not in themselves economic engines, they are potentially useful symbiotic service providers to creative design professionals and others working in the area and could also draw outsiders to the Square. An examination of historical property assessment values in Victory Square (*Appendix III*) is instructive. In all but two cases (the Dominion and Cotton Carter buildings), the 1997 land values far exceeds improved

values (e.g. the edifice itself), in some cases by 30 times. This suggests that without protective zoning which is currently in place, the incentive to demolish existing buildings would be enormous if commercial and residential demand as well as social conditions changed positively. Although constant square foot values increased from 1989 to 1991, 1997 values were considerably lower than 1991, a decrease consistent with trends in the Downtown Eastside, excluding some Gastown Water Street properties. While this trend might discourage some developers or investors, those with greater access to capital may be willing to take a longer term perspective, as is the case with the Millennium Development Corporation, which recently refurbished the Cotton Carter building.

From the south in a clockwise direction, *Appendix IV* indicates each of the buildings in Victory Square. Vancouver Community College's City Centre campus has an annual operating budget of \$27,364,000 and a full time enrollment of 3,200 (discussion with Secretary to President, Sarah Lucas, November 13, 1998). There are, of course, thousands more part-time students, faculty and support/maintenance staff. Total revenues of the two campuses for 1997/98 was \$82,724,326 while expenditures were \$81,725,326. Salaries at both campuses amounted to \$48,406,367 while combined grants and tuition fees/cost recoveries were \$54,384,193. The City Centre campus probably amounted to 42 per cent of these later figures. It should also be noted that the City Centre Campus has a bakery, butcher shop, dental clinic, denture clinic, electronics repair lab, hairstyling salon, dining room and skin care/aesthetics facility, all of which are used both as training and retraining facilities. Food services gross revenues alone at the City Centre campus amounted to \$763,655. While it is evident from the above that VCC can provide a great number of the above subsidized services

to residents of the Downtown Eastside, maximum advantage is not taken of these. At the same time, VCC and its the employees could contribute a much greater amount to the area from an economic perspective if the Square was safer and featured more commercial establishments and residential space. This author is aware, however, that the main entrance now faces Dunsmuir Street to the south at quite a distance from the Square.

The Lyric Theatre building is currently occupied by a veterans' social club and acting studio/agency. The latter is part of an increasingly important industry in Vancouver and will be described briefly in Section 5. The Pappas Furs building is currently used only for wholesale and manufacturing purposes, as its retail outlet recently moved into the CBD, due to the recession of the late 1980's, the continuing downfall of Victory Square and the company's diversification into a wider range of women's and men's clothing. While the building is thus usefully part of the "creative" sector and a small employer, its presence adds little to the street life of the Square.

The former CIBC building is occupied by Milbourne Realty, which recently ceased operation in its current form although its successor has not yet moved out. Their impending departure is unfortunate as President Sid Landolt appeared to be a major booster of the Square.

The Dominion Building is a tall office building with some unrented retail space on the main floor and a new, trendy but affordable struggling café/restaurant (now for sale) in the basement, catering to students and arts/creative individuals. With 65,000 square feet of office space, maximum per annum rental costs for offices with attractive views

are \$14 per square foot per annum including operating costs, which certainly compares favourably with the CBD. Lower floors rent from \$11-\$12. The building is currently 94 per cent occupied, mainly by artisans, lawyers, other professionals and advocacy/non-profit groups.

The main floor of the Flack building is occupied by an unattractive cheque-cashing facility and a pawn shop, whose respective activities relate more to those of the eastern half of the VSPCA. Some of the rather basic upstairs office space is occupied by creative design professionals and non-profit groups. Rent varies but is generally \$8-10 per square foot exclusive of utilities.

The Carter Cotton building was extensively renovated several years ago by the Millennium Development Group. The current management company has been unable to rent any space in this building since assuming responsibility in January, 1997. While Millennium would probably need \$12-13 per square foot exclusive of operating costs in order to make a profit, such rent is well beyond what potential tenants are likely prepared to offer. Consequently, only four of seven floors are rented, and these are at rates below those required to make a profit as the current tenants (including a religious group, a law office and the B.C. Housing Foundation) were there prior to renovations.

The old *Vancouver Province* printing plant (also known as the Edgett Building) to the immediate south of the Carter Cotton Building has been transformed into an ultra-modern gallery and office building. The Architectural Institute of British Columbia (AIBC) occupies half of the main floor. The rest of the building will be rented for commercial use (6,000 square feet on the main floor, 10,000 square feet on the second floor and

11,000 square feet on the third). It appears that the original rental objective was too high and that \$12-15 is more appropriate. The upper floor has been rented to Telefilm Canada and Vancouver Community College while part of the second is occupied by an architectural firm; thus, both the arts/educational emphasis and creative design producer symbiotic relationship of the Square to the CBD are slowly expanding. Agreement regarding the remainder of the main and second floors may be forthcoming, ensuring that there will be no long-term vacant space, which is important both for the Square's image and to encourage other potential developers. The fact that rents will not be far out of line with the Dominion Building although slightly higher than other buildings in the Square reflects both Vancouver's current economic downturn realities and the continuing negative reputation of the Square. At the same time, the somewhat lower than initially envisaged rents may help ensure (at least in the short term) that the potential negative impacts of gentrification are not as pronounced.

The City operated parking lot is the only major parking facility in the Square itself, although other lots are found to the west on Pender, in Gastown and considerable street parking is available. The lot is well used during weekdays by VCC students, while some businesses have long-term rentals on the ground-floor only. Like the Square, however, it is underutilized after hours and on weekends, unless there is a major event at General Motors Place.

2.4.2. West Hastings Street

Victory Square itself divides West Hastings Street. Although the two blocks adjacent to the CBD are much more prosperous than those east of the Square, pedestrian traffic falls off considerably at Richards Street. While these two blocks are somewhat

different from those of the Square itself, certain characteristics must be underlined in order to set the context for rejuvenating activity in the Square itself. As this author's 1998 study indicated, the three greatest (and related) problems are crime and safety, the availability of safe parking and vacant storefronts. In general, the two blocks west of Victory Square are comprised of a wide-ranging assortment of primarily retail, independent and other small scale activities from musical instruments and sheet music to legal hemp products, street fashions, linens, a travel agency, convenience food and a Church of Scientology. Most activities are conducted at ground level with many second floors and basements non- or -under- utilized, rented cheaply to rock-music bands and artists, among others. While some business owners consider their establishments to be of a niche nature, it should be noted that patrons walk to most of these establishments from the CBD during their lunch hours to undertake activities they could probably do easily on the weekends closer to home.

The bulk of establishments employ two to five persons, although seven establishments had more than 20 staff. Unfortunately, three have or will shortly close or move from the area (the Coastal Jazz and Blues Society, the Web Café and Milbourne Real Estate Corporation). The largest employer, the Cannabis Café complex, is seriously threatened by the City and Vancouver Police. Fortunately, the Vancouver Film School (another major employer) is expanding to a building on the west side of Homer Street. Half of the establishments contract for services, although there is little employment or contracting of Downtown Eastside residents (or those of the VSCPA in particular). While cheap rent or land cost was the primary reason for the original establishment of most businesses, the growth of the 18-25 year old client category (many of them students) is now considered the major strength of the area. If the 36-40 and 41-50 age

categories are grouped, then "baby-boomers" become the most important market. The other important current strength is considered to be proximity to the CBD. While retail, personal service and restaurant activities may well increase if a larger residential population is added to the VSCPA, increased applied design and creative service firms will focus on their symbiotic relationship with the CBD. If economic activity in the two blocks picks up, so too will rents and it is therefore not certain how many of the current establishments could remain.

Close to half of establishments' customers reach their destinations by foot, while 27 per cent arrive by transit. While transportation planners and ecological activists concerned with the ease of accessibility, reducing energy consumption, ecology and complete communities would consider this positive, these figures may also reflect several other factors, including:

1. that students and younger Vancouverites are generally less able to afford private transportation;
2. the close proximity of the CBD, from whence patrons can easily walk;
3. the cost, availability and security of parking spaces; and
4. the infrequency of certain public transit lines to the area, such as #17 Oak.

One can assume that the number of pedestrians would increase dramatically if the problems of crime and safety were not as persistent. Indeed, many establishments in the -400 block advised that cruise ship personnel advised tourists not to venture into the Victory Square area, advice which seems to be strictly adhered to. How much greater commercial activity would be if merchants had full access to the annual 800,000 cruise ship patrons!

There is considerable stability amongst the businesses while 75 per cent of respondents were optimistic regarding the future. Forty one per cent of establishments claim to have made recent profits, although 25 per cent registered declines. Sixty percent of respondents intended to expand their product lines or services. Those establishments which have adjusted their services or product lines accordingly have found this to be profitable. The majority of customers preferred a complementary rather than directly competitive or more varied business environment. While some interest was expressed amongst respondents to restore older buildings and for collective marketing, there is no consensus that an area-wide historical theme should be pursued or might enhance the niche concept. In the longer term, however, heritage restoration is a high priority.

Knowledge of the 1995 *Victory Square Concept Plan* (VSCP) was slight while less than half of respondents considered themselves part of the VSCPA. Among those with more than minimal knowledge, only 20 per cent believed that the VSCP adequately addressed the needs of the business community (which is one of the main factors which encourage this author to undertake this thesis). Perhaps surprisingly, most respondents opined either that all stakeholders or the City of Vancouver specifically are responsible for promoting effective economic change, rather than the private sector individually or collectively.

Dieter Kloepper, Consultant to the West Hastings Revitalization Association, which represents some of the building owners and merchants in the -300 and -400 blocks, has described the entire area as "a real blight on the city of Vancouver" (*Westender*, March 27, 1997). His association considers itself part of the historical CBD and not the

VSCPA. Members believe that the City devotes too much time to the needs of low-income residents and should refocus its efforts on encouraging entrepreneurial activity, eliminating crime and attracting tourists and shoppers. Opposed to the current building height regulations, Floor Space Ratios and, by implication, authentic heritage restoration efforts, the Association also seeks more relaxed liquor licensing. Mr. Kloepper was not happy with the activities of the Hemp B.C./Cannabis Café/Legal Assistance B.C./Little Grow Shop complex and even less so with those with the pawn shops and street drug trade to the east of Cambie Street and the Square.

It should be pointed out that the Association does not speak for the entire West Hastings/Pender retail community. Indeed, proponents of a Crosstown Business Association in the same area who met with the City Business Improvement Area Coordinator had never heard of the former (discussion with Peter Vaisbord, July 26, 1998). Moreover, while the Association's concern with increasing entrepreneurial activity and reducing crime is shared by the entire business community, this author's 1998 study confirmed that other business representatives were more sympathetic to low-income residents, a wider variety of retail and non-profit activity and heritage conservation. The issue of increased liquor licensing is obviously controversial given the great number of bars and substance abuse in the area.

Unlike Brail's study (which encompassed the entire VSCPA), this author's survey concluded that there is no significant symbiotic relationship between the CBD and West Hastings Street in terms of high-order CBD functions and applied design firms and creative services. Given this fact, in conjunction with the minuscule housing stock of these blocks, the lack of local resident hiring or contracting and limited cooperation

within the business community (Bennett: 1998), it is clear that there is neither a sustainable community nor one active in any concerted community economic development activities. The independent nature of the retail businesses may give reason for hope in the longer term, however, as new retail establishments in the proposed tourism and convention centre and International Village would likely be of a franchise or chain nature. The latter do not appeal to all consumers and may, consequently, not be in direct competition with those of Victory Square

2.4.3. Downtown Eastside - Dusk to Dawn-Steal and Pawn

The above heading is the title of a bleak 1996 report prepared for DERA's Downtown Eastside Neighbourhood Office by Alysia Davies, which described economic and criminal activity primarily to the east of Victory Square. The subtitle: *Pawnshops, Illegal Trade and Drugs in the Downtown Eastside* encapsulated the report's primary findings. Davies concluded that many businesses such as pawnshops and second-hand dealers and hotels and rooming houses took advantage of the needs of drug addicts. By charging interest rates from 600 - 1000 per cent or taking 30 per cent of an income assistance recipient's monthly cheque, such businesses fostered repercussions which devastated the entire community and beyond, with skyrocketing break-and-enter rates, fraud, muggings and street robberies. Many 24 hour food stores were fencing operations for those needing cash for drugs while \$2.50 highly potent rice wine which retailed for \$10 keeps other residents satisfied. The number of prostitutes using drugs (heroin, cocaine and alcohol) increased 43 per cent between 1994 and 1995. Fifty per cent of prostitutes spent between \$100 and \$300 daily on drugs, while fourteen per cent spent over \$500. The author sensibly concluded that while much responsibility lay with the federal and provincial governments' unwillingness to provide rehabilitation

treatment centres or prosecute to the full extent of the law, the City had also shown no interest in coping with the situation. The Safety Office sought more community input into regulating the types of new businesses which entered the community and pointed out that none of the pawnbrokers had ever had their licences revoked at the time of publication. The City is now taking some action in this regard.

A recent *Vancouver Sun* article suggests that much of this activity has shifted from the -100 block of East Hastings to the -100 block of West Hastings (September 22, 1998), immediately off Victory Square. Most buildings in this block are boarded up and in serious disrepair and it is difficult to walk down this block without being solicited for money, drugs or prostitution. Many of those involved are transients or non-area residents from other parts of the lower Mainland and recently, a small group of Honduran refugee claimants. The implications of the conditions outlined above with regard to safety, crime and building disrepair in conjunction with this author's study and Vancouver's somewhat negative current economic position suggest that at least several legitimate businesses operating in the VSCPA are in a precarious position. Two -300 and -400 West Hastings businesses are currently for sale while those newly moved to the Square such as the Architectural Institute of B.C. are to be commended for their confidence and courage.

2.5. Recent and Predicted Metropolitan and Provincial Economic Performance

As Victory Square is only a sub-set of Greater Vancouver, it is important to examine the recent performance of the larger economy to determine trends which may impact upon Victory Square. Although various stakeholders would disagree on the specific causes of British Columbia's current economic problems, the business sector points to several

factors, including the Asian crisis (which has stymied demand for the province's natural resources) and a political climate in which the direction of the provincial government is either unclear or contradictory (due to high personal and corporate taxation, regulatory measures discouraging resource extraction and labour legislation which some consider too union-oriented) (*Greater Vancouver Retail Report*, Colliers International, Spring 1998 and *Vancouver Sun*, December 4, 1998). Much of the retail and housing sales growth enjoyed by Greater Vancouver during the previous five years was due to very high population growth (particularly in-migration), which has now stagnated from both international and inter-provincial sources.

With regard to the future, although short-term production forecasts vary, the general prognosis suggests probably only marginal improvement. The optimistic Conference Board of Canada reported that although Greater Vancouver's economy grew by just 0.4 per cent in 1998, this figure is expected to be 2 per cent in 1999 and between three and 3.4 per cent annually between 2000 and 2003. Retail sales are expected to increase 3.5 per cent following a mediocre 0.5 per cent in 1998. (*Vancouver Sun*, January 20, 1999). Although the forecast for British Columbia's resource-based economy as a whole is not positive, the increasingly disengaged nature of the provincial and Lower Mainland economies (Hutton: 1998) may be good news for the latter.

Another performance measure is unemployment and these figures are also mixed. According to Statistics Canada, Vancouver's jobless rate edged up to 7.3 per cent in March from 6.9 per cent in February, 1999, reversing 40 per cent of the 40,000 jobs gained January and February. The provincial rate rose from 8.1 to 8.4 per cent (a loss

of 16,000 jobs). This compares with a stable national jobless rate at a nine-year low of 7.8 per cent. Job losses nationally were confined to the public sector with services, natural resources and construction suffering the most while manufacturing gained healthily. Although the provincial unemployment rate for B.C. youth aged 5 - 24 fell five per cent during the past year, it increased from 13.8 per cent to 14.4 per cent in February (*Vancouver Sun*, April 10, 1999 and *Vancouver Province*, April 11, 1999). Given that Vancouver's unemployment rate is less than the national figures, the encouraging reduction in annual youth unemployment and if the more negative monthly trends are a mere "blip", there may be little cause for concern. Close attention should be paid, however, as to whether Vancouver's downturn persists and if the national increased service sector unemployment is reflected in Vancouver.

Several points are worth noting with regard to these trends and forecasts. Firstly, the latter are only predictions and subject to constant update or even falsification, as has been suggested by the provincial Auditor General, with regard to the provincial government's budget forecasts during the last election. Dramatic changes are possible due to disparate factors such as variations in consumer lifestyles, demographics, the world economy, the most recent provincial \$890 million to - \$1.5 billion deficit budget, the election of new governments or federal /provincial legislation or regulatory changes in such areas as mining, forestry, the environment, film credits and personal and corporate income tax. Secondly, if the Conference Board's predictions prove correct, improvements Greater Vancouver economy could benefit the Downtown Eastside in terms of job creation and general commercial activity. Thirdly, in addition to an increase in retail sales which normally results from economic growth would be positive for existing merchants, the potential growth in the high-tech and

tourism sectors could also be exploited. On a more cautionary note, however, George Hunter, head of the B.C. Technology Industries Association, recently opined that the Province "is in danger of squandering the opportunity to nurture new industries that can create thousands of jobs" by failing to reduce income taxes, which would make it easier for local companies to recruit and maintain skilled employees in competition with other provinces and the U.S. (*Vancouver Sun*, April 1, 1999). It remains to be seen whether Mr. Hunter's comments are predictable post-budget complaints or cause for greater concern.

2.6 Real Estate Trends in Vancouver

2.6.1. Office Space

Recent trends in Downtown Vancouver's commercial real estate market have been disturbing. During the first quarter of 1998, vacant office space in Downtown Vancouver totalled 1,449,833 square feet, an increase attributed by the industry primarily to the weakening resource sectors and the closing or downsizing of several "English as a Second Language" schools due to troubled Asian economies (Colliers International: 1st quarter, 1998). Resource giants such as MacMillan Bloedel, Fletcher Challenge, Timberwest Forest, Canfor and Westcoast Energy, all of whom occupy full-floor space in Class A and B buildings in the CBD, reduced their requirements. The Gastown vacancy rate was 6.7 per cent while the more recently renovated heritage Yaletown area recorded 13.5 per cent. As Gastown is adjacent to Victory Square and Yaletown is one of the city's most recent redevelopments, these figures are cause for concern.

During the first quarter of 1999, the Downtown core vacancy rate rose to 6.7 per cent from 4.8 per cent in the same quarter a year ago. In addition to the downsizing of

resource firms, Royal LePage also attributes this trend to consolidations, mergers and departures (*Vancouver Sun*, March 29, 1999). Some firms did, however, move from class B to A as a result of attractive sublease opportunities. Demand in suburban areas remained stronger however, fuelled primarily by the high-technology and film industries. Based upon the high-technology industry's reaction to the most recent provincial budget (as per the previous sub-section), it remains to be seen if this pace can be maintained.

2.6.2. Retail Space

As retail space demand reflects retail sales, it is notable that retail property sales dropped from \$355 million to \$273 million by the end of the third quarter from the previous year (*Vancouver Sun*, October 22, 1998). Fortunately, the drop in Asian tourism due to that continent's economic crisis was partly offset by increased American tourism resulting from a low Canadian dollar. Despite the downward trend, the well-capitalized Japanese Tonko Development Corporation bought both Novam Management Limited and four of its heritage buildings in the Downtown Peninsula in 1998, with a combined total of 376,700 square feet of retail and office space. Tonko considers Vancouver to be strong in the long term (*Vancouver Sun*, June 14, 1998).

Before concluding that the commercial real estate is in as difficult a state as the above figures would suggest, it is necessary to consider that the market may be undergoing the inevitable consolidation or correction which follows a period of extraordinary growth.

2.6.3. Housing

The inadequate supply of *social* housing in Vancouver is of concern to the City. Between 1989 and 1993, the number of social housing units in Vancouver declined 70 per cent. The May 1995 waiting list for subsidized housing in the Lower Mainland included 5,900 families and 8,800 households, up 40 per cent and 33 per cent respectively from a year earlier, obviously cause for concern (Stern and Geary: 1996). Although consideration is being given by City Council to the passage of legislation to prevent the demolition or conversion of existing units, a City planner with whom this author recently spoke in confidence advised that Councillors were increasingly less-inclined to proceed with the "anti-conversion" bylaw. This may prove disastrous for low-income residents and signal the present Council is not prepared to undertake all that might be required to protect the former.

Market-rate rental property demand softened in the Greater Vancouver area during 1997 as a result of declining migration, an increase in home ownership and rising vacancy rates (Colliers International: 1998). Nonetheless, when compared with other Canadian cities, high rental incomes, occupancy levels and long-term investment resulted in apartment properties being considered a "secure and low-risk real estate asset". From 1996 to 1997, sales rose 25 per cent from 87 to 109 trades, representing a 22.5 per cent dollar value increase from \$181 million to \$221.8 million. Although activity levels rose, average values declined in price per unit while capitalization rates held steady at 7.5 per cent (Colliers International: 1998). From a supply perspective, the considerable construction of condominium units has resulted in a continuing oversupply of units. In light of the Asian economic turmoil and softening demand in Vancouver, Asians offered \$47.3 million worth of property to the market in 1997, more

than they purchased. As a consequence, new construction is expected to be tight in the short term although relatively low interest rates may facilitate first-time home purchases.

From a national perspective, as prospects are considered less favourable for first-time buyers to enter the market than in the past due primarily to the higher tax burden (despite the fact that Canadians are spending a higher percentage of their disposable income on housing), builders may turn to more upscale products for affluent urban purchasers looking for more luxurious housing (CMHC: *Canadian Housing Markets*, Third Quarter, 1998). At the same time, the declining value of the Canadian dollar vis-a-vis the American is resulting in greater American interest in up-scale retirement condominium purchases in Vancouver. If the City is sincere in its desire to maintain the VSCPA's low-income traditional population and built heritage structures while encouraging a creative design/educational/cultural milieu, it must resist any proposals by the development industry to create up-scale housing in the VSPCA.

2.7. The Structure of Vancouver's Economy

While the above discussion has been of specific developments relating to the economies of Victory Square, Vancouver and the province, it is also useful to examine broader structural changes which have occurred and may help determine solutions for Victory Square. Hutton has suggested that the uniqueness of Vancouver's post-Fordist economic development can be summarized with reference to several factors (1997, 1998). Firstly, development periods have been fuelled by a series of new and emerging professional and knowledge-based service industries. This is exemplified by the fact that while Vancouver's 1991 Census Metropolitan Area service sector

employment was equal to that of manufacturing, the former had amounted to only one seventh of the latter in 1961. Equally striking, employment in the FIRE (finance, insurance and real estate) services experienced 300 per cent growth during the same time period. Of particular interest to this thesis and the City's vision for the Victory Square area, employment in the artistic, literary and recreational fields registered the third highest categorical increase. The shift in employment to services has also been noted by O'Sullivan in the American context (1993).

According to Hutton, Vancouver's space economy is dominated by specialized service districts featuring corporate head offices, financial and producer services. In the downtown fringe areas, creative and applied design services have established themselves in older three to six storey warehouses where facades have been improved but the interiors modified. While Brail identified 24 VSCPA creative design professionals (including architects and graphic and interior designers) in her 1993 study, this author enumerated 47 in November 1997, with the addition of several other categories, including commercial and fine artists.

By far the preferred location is 402 West Pender Street, eclipsing the Beatty Street area which Brail had identified as the former heart of this sector. The West Pender Building (architect H.S. Griffith 1912) is described as an "aristocratic office block" (Kalman *et al.* 1993). A recent renovation included restoration of the marble lobby and terrazzo floor, the installation of "modern heritage" lighting and the upgrade of security and elevators (telephone conversation with Bill Edwards, Reliance Holdings, February 2, 1999). Gross monthly rent ranges from \$15 - \$17. The building is normally 95 per cent occupied, with some firms needing only small space and others using entire

floors. Unlike larger corporations or other specific industries, the predominantly CDS clients had no specific renovation requirements pertaining to usual matters such as floor plates, HVAC (heating, ventilation and air conditioning), electrical systems or window and door placements (Daniel P. Coffey: 1993, Kately: 1993, Patri *et al.* 1986). As a consequence, it would appear that retrofitting older buildings for this sector does not generally appear to be problematic.

The growth of the VSCPA's creative design sector has been accompanied by an increase in the number of cultural and educational institutions, which now include Vancouver Community College, the Architectural Institute of British Columbia, a private language school, the Vancouver Film School and an administrative office of Telefilm Canada. The private film industry is also establishing itself in the VSPCA. In immediately adjacent areas are the British Columbia Institute of Technology, Simon Fraser University Harbour Centre Campus and slightly more distant, the Queen Elizabeth and Ford theatres, the main branch of the Vancouver Public Library and the Canadian Broadcasting Corporation's regional headquarters. The number of retail establishments and restaurants in the VSCPA has increased moderately in the last few years and there is considerably more potential in this regard if problems relating to crime and physical safety are resolved.

Vancouver's market orientation and location are also important comparative advantage factors. Against a backdrop of market integration and economic globalization, the city has become increasingly economically focussed on the Pacific Rim and Cascadia (an informal region considered to extend from southern Vancouver Island to Vancouver and south as far as Eugene, Oregon). This can have its disadvantages, as illustrated

by the downturn of the southeast Asian economies during the past 18 months. Hutton (1998) asserts that the much of the city's development is being forged more by related trade, investment, immigration, tourism and travel rather than Vancouver's historic hinterland resource linkages, although the latter should not be discounted altogether. Hutton also recognizes that that impressive growth which Vancouver sustained until recently has had high environmental and social costs (including high unemployment of eight to ten per cent and housing affordability). One of these, social polarization, is associated with the dominant but bifurcated service economy (knowledge-based professional activity as opposed to more traditional service employment such as lower-income retail and restaurant activity) and its attendant income stratification (1994). This concern is also shared by Hassen and Ley (1996) and Betcherman and Lowe (1997). The latter suggest that polarization can be overcome or substantially ameliorated through the pursuit of three mutually reinforcing goals: sustainable economic growth, equitable distribution of work and income and social cohesion. It should also be pointed out that the notion of life-long, full-time employment is being increasingly questioned. Futurists such as Rifkin recommend "rethinking the social contract", including downsizing the current work week, voluntary private sector implementation of profit sharing plans, the adoption of formulas whereby the compensation of top management is not disproportionate to the lower-level employees and greater recognition of unpaid community service (*Making Waves*, Volume 8, #2, Summer, 1997).

William J. Coffey has undertaken similar research to Hutton (and in some cases, built upon the work of the latter), noting the rediscovery of both the quality of the built environment and "sense of place" and their respective roles in corporate investment

and location decisions as well as the transformation of urban cultural and leisure activities from pastimes into economic activities (1996). Coffey contends that Vancouver has been Canada's leading proponent of service-oriented development policies. These include land development initiatives to encourage the growth of office activities, the creation of a range of sectoral policies whereby specific services have been designated for special intervention (including, business, financial and design), the promotion of an expanded role for the metropolitan area in national international affairs and initiation of a series of measures linked to the designation of Vancouver by the federal government as "an international financial centre".

2.8. Business Cycles and Their Impacts

While there may be developments or policies specific to a given urban area, these should not be isolated from the impact of more far-reaching business cycles. It is, therefore, useful to briefly review theory and recent experience regarding business cycles to see what impact they might have on Victory Square and how policies could be directed accordingly.

While individual cycles vary significantly in duration and intensity, during peak periods employment is normally high, output is at or close to capacity, credit is easier to obtain, demand rises, asset values and share prices rise and investor confidence is high while from a property perspective, rents increase, yields fall and capital values increase. At the end of a peak period, the market is in *disequilibrium*, where supply exceeds demand. At this point, demand levels drop, normally resulting in a reduction of both supply and price (McConnell and Brue: 1993). This is often referred to as a *market correction*. Adam Smith, the "patron saint of economics", argued that the market is

essentially self-regulating, minimizing the need for government regulation (Heilbroner and Thurow: 1987). During *recessions* total output, effective demand, income, employment and trade decline and credit is less obtainable. Property prices fall while yields rise. During *troughs* output and employment reach their lowest levels, while during *recovery* levels of output and employment are expanding toward capacity and price levels rise. In addition, there may be seasonal or secular (longer periods) non-cyclical fluctuations (McConnell and Brue: 1993 and Balchin *et al*: 1995).

Although it is difficult to assess the impact of business cycles on specific sectors, there is some agreement that service industries and those producing non-durable consumer goods (having an expected life of less than one year, such as food products) are somewhat insulated from the most severe effects of a recession (McConnell and Brue: 1993). Those firms producing capital goods (e.g. housing and heavy equipment) and consumer durables (such as automobiles, large appliances and farm implements) are normally hit hardest. The latter are apparently stimulated most by expansion (due to the postponability of their purchase by consumers and a higher concentration of ownership). The reverse is said to be true for non-durable/soft-goods and service industries, which are more highly competitive and less characterized by oligopolistic ownership. Price declines cannot be resisted as easily in such industries and the result of declining demand effects prices more than levels of production.

The notion that service industries are somewhat insulated from severe business downturns may be encouraging in the local context, although it is worth noting that despite the absence of a large manufacturing sector in Vancouver, the Lower Mainland has not been untouched by economic difficulties in the past. Nonetheless, if Greater

Vancouver recovers from its current state of economic consolidation/market correction and it's economy continues to benefit from its disengagement from that of the rest of the province, it may be an appropriate time for the expansion of professional and creative design services in the VSCPA.

2.9. Is Public Sector Intervention Desirable?

Public sector intervention in Canada has traditionally been pervasive in a wide range of fields, including health care, education, employment, social and income assistance as well as housing. One American study concluded that macro-economic growth decreases poverty (Ellwood in O'Sullivan: 1993) and another suggested that periods of recession, the relative loss of poor households was three times that of the middle class (Gramlich and Laren in O'Sullivan: 1993). Freeman has also deduced that although there is a weak link between crime and unemployment, crime rates of first-time offenders are quite sensitive to the unemployment rate (O'Sullivan: 1993). All of these findings might lead one to conclude that government intervention would be appropriate to cushion the economy from the instability of the business cycles and declining investment as described above (Heilbroner and Thurow: 1987).

Others caution against any intervention whatsoever because costs may exceed benefits, intervention may fail or the difficulty in identifying the problem and/or solution. In addition, there may be difficulties in balancing special interests with those of society as a whole (if these can in fact be identified), time-consuming public-participation processes and "myopic" intervention by governments seeking to reap immediate rewards in order to win the next election (Sayre and Morris: 1996). Inevitably, government bureaucracies are criticized as "the ultimate expression of the division of

labour, sometimes represent[ing] impediments, stultification and maximum inefficiency ...more than they represent the direct democratic intervention of the people's concerns" (Reynolds: 1993). The very slow pace of municipal planning consideration and implementation of projects has also been blamed for inner city stagnation, as developers may keep properties empty pending process completion (Balchin *et al.* 1995).

There are also conflicting arguments regarding the effects of urban legislation as it affects the market pricing of property, in particular. Balchin *et al.* (1995) suggest that while planning authorities might enable a residential development to be undertaken where commercial activity might otherwise not happen, their actions may also artificially create new stakeholders, incomes and wealth by limiting the supply of buildings. Secondly, the working of price mechanisms within the constraints of planning legislation may mean that local authorities pay a higher market price for use of the land, resulting in a higher cost for public amenities or relocation to less socially desirable locations. Thirdly, local authorities often compulsorily purchase economically (though not socially) obsolete property. They are then required to undertake financially viable redevelopment (possibly in partnership with the private sector) and often ignore the original intent of socially desirable renewal. Finally, Balchin *et al.* (1995) opine that where market prices prevail and multiple private ownership makes both land allocation and the realization of public strategy difficult, planning can be effective only where government has substantial direct ownership, a prohibitively expensive strategy.

In conclusion, while absolute *laissez-faire* market activity is probably imperfect, the above cautionary and conflicting notes suggest that considerable investigation would

be necessary before taking specific public sector in the VSCPA. This would apply to Brandes Gratz' (1994) land-banking scheme (described in Section 1.5.4.) in order to avoid any negative and unforeseen circumstances.

2.10. The Importance of Job Generation

Above-normal unemployment often creates significant economic and social costs, including low self-esteem, mental illness, suicides, family disintegration, political/social unrest, substance abuse, crime and violence. From a classical economic perspective, when the economy fails to generate enough jobs for all who are able and willing to work, the potential production of services and goods is lost irretrievably. This sacrificed output is gauged in terms of the GDP (Gross Domestic Product Gap) or the amount by which actual GDP falls short of potential GDP. According to Arthur Okun, for every one per cent that the actual unemployment rate exceeds the natural rate, a 2.5 per cent GDP gap occurs (McConnell and Brue: 1993). While this specific figure may be open to debate, there is little doubt that the general conclusion is accurate,

A second important factor is that unemployment is normally unequally distributed and is often dictated by occupation, age, race and the duration of unemployment (McConnell and Brue: 1993) Until recently, at least, white-collar workers enjoyed lower unemployment rates and were less vulnerable to unemployment during recessions than blue-collar workers, as the former are employed in less cyclically vulnerable industries, as per Section 2.8. In addition, businesses have been less likely to lay off more-skilled white-collar employees in whom they may have made significant training investments. Teenagers are more susceptible to unemployment due to lower skill levels and a greater propensity both to quit employment and be laid-off. Racial minorities have

traditionally been discriminated against in education and the labour market and tend to be concentrated in less-skilled occupations. This suggests that it may be in the public interest to maintain or increase employment and target particularly vulnerable groups.

2.11. Job Proximity and Urban Employment

While there is evidence that general economic growth decreases poverty (Ellwood [1987] in O'Sullivan: 1993), there is little data on the impact of the creation of jobs within a specific neighbourhood on employment rates in that same neighbourhood, particularly the occupational mix of jobs and match with the skills of residents. Such information is critical if stakeholders are to consider the probable effects of neighbourhood-targeted economic development projects and if cities are to engage in the type of bargaining to be described in Section 2.12. One recent American inner-city study determined that a consistent measure of job proximity is found to have a modest six tenths of a percentage point effect on neighbourhood/zone employment rates (Immergluck: 1998). Since higher job occupation levels have a negative impact on zone employment rates due to greater mobility amongst those with more education and skills, the effect of nearby jobs is considerably more significant amongst the lower-skilled occupational groups, who conduct less spatially-expansive job-searches. Race and educational attainment apparently have the largest effects on employment rates, while gender was less important.

2.12. The Role of Cities in Job Generation

Canadian municipalities tend to play a limited role in job creation due in part to their limited constitutional authority and financial resources. Yet as we have seen above, high unemployment results in foregone production and, therefore, a city's ability to raise

taxes from assessments and other sources to provide the extensive infrastructure and services we increasingly expect. In the American context, the seemingly demand for greater services without the ability to increase taxes has often resulted in private-sector disinvestment and a withdrawal of credit, thus discouraging some city governments from extensive income redistribution efforts (Pagano and Bowman: 1997).

Disequilibrium occurs when service delivery declines, the price of service delivery increases or perceived opportunities for more efficient and higher-quality delivery elsewhere are present. Most attempts to restore equilibrium have been based on a city's development function while decisions to mobilize development tools have been founded upon the tax-services disequilibrium and been unrelated to employment and income issues (Pagano and Bowman: 1997). Wherever job creation has occurred, it has been an incidental result of urban development programs geared to facilitate conventional property development (Greed: 1996).

Where a city has achieved economic recovery, it has regained both the ability to compete with the suburbs as a place to live and a favourable climate for investment and consequent job growth (Mier: 1984). It has thus secured its independence from external subsidies, a development favourable to the CED approach described in Section 1.4. Rather than relying upon subsidies or the "trickle down" effect of a generally better economic environment (an approach favoured by former U.S. President Reagan and British Prime Minister Thatcher), Mier points to the Oakland experience, where the City bargained with Hyatt Hotels to capitalize a revolving loan fund, available to neighbourhood-oriented small businesses. This and other examples

lead this author to advocate that local governments recognize they can bargain from a greater position of strength and thus play a greater role in attacking unemployment.

2.13. Retail Activities

Retailing has traditionally played an important role in downtown areas and this was certainly the case in the early history of Victory Square. Although some personal retailing activities may be lost to the internet, the industry will remain important not only for entrepreneurs and potential employees but also because it attracts complementary or competitive businesses and ancillary services such as restaurants. It also serves an increasingly integrated production system (William J. Coffey: 1994).

2.13.1. Location, Income, Demography and Lifestyle

Before examining possible strategies for the VSCPA, it is important to consider the market as a set of consumers comprised of four aspects (Jones and Simmons: 1993). *Location* refers to the market contained within an area, such as a neighbourhood, metropolitan region or country. The market size determines the scale of operation and degree of possible specialization and is defined by the population, number of households or aggregate income of the community. *Income* is the level of mix of a market. As high-income households consume more per capita than poor households, the relative proportion of each group in a market area is an important factor. Different income groups become the targets for specialized retailers. Fashion boutiques may cater to the wealthy, for example, and second-hand stores to the less affluent. *Demographics* refers to age, gender, and household composition. Compact disc stores, for example, target teen-agers and young adults while certain fashion stores focus on women of particular age groups. *Lifestyle* concerns consumer preferences,

such as type of recreation, foods or clothes. In this regard, ethnicity, gender identities and environmental concerns may be important.

2.13.2. Strategies

Major strategic retail strategies include *market share*, *segmentation*, *discounting*, *spatial niche* and *cross-merchandising* (Jones and Simmons: 1993). When the first is utilized, a company's approach is to increase (or maintain) market share as quickly as possible, and does so through scale and purchase economies. As control of the nature of sectoral competition, chains are normally dominant. Advertising, brand names and image are more important than price competition. *Segmentation* focusses on a specific market segment such as the impoverished or well-to-do or ethnic groups. The retailer often plans according to accessibility, both spatial and openness to advertising or loyalty. Once primarily the target of low-income consumers, *discounting* now generally aims at the larger middle-income market. Lower food prices require economies of scale, service, quality or selection and increasingly require high levels of customer mobility as outlets often require considerable space, which is not normally available or cheap in downtown areas.

Cross merchandising links the food store, for example, with other retail activities appealing to the same customers with the similar regularity. Primarily recreating a neighbourhood or community shopping mall within a single store, the choice of partners is determined by the scale of the anchor food store. A *spatial niche* strategy serves markets too small for any other format. Often "mom and pop" stores, they frequently cater to the less mobile, including the elderly, less assimilated ethnic groups and the poor. While the latter allocate much of their income on housing, 44.5 per cent of their

store expenditures are on food (Jones and Simmons: 1993). When catering to the upper end of the market, they may offer both greater levels of service and delicacies at higher prices to hurried professionals with little time to prepare their own meals, for example.

With the growth of suburban residential areas, big-box retailers and the increasing reliance upon personal automobiles, we have seen the frequent decline of North American inner-city retailing (although some analysts predict the revival of "main street" and small specialty stores, as will be noted below). With an added slowdown in population and relative income growth, retailing often becomes a "zero-sum" game where the success of one facility causes the decline of another, resulting in complaints of "over-storing" (Jones and Simmons: 1993)

According to Jones and Simmons, location decisions by small, independent retailers are normally made by "forces beyond their control" in a process of "natural selection". If income levels in a market area dwindle or competitors enter the market, stores may be forced to sell or go out of business. While a somewhat facile interpretation of independent retailing activity in light of the factors and strategies described above, it does underline the advantage enjoyed by mega-chains, where decisions are normally more logically based by monitoring the firms own operations under various conditions, forecasting changes in the market (which will be described in the next subsection), simulating possible actions of competitors and both accepting and integrating uncertainty into decision making.

It must also be appreciated that existing retailers enjoy an advantage over new businesses; thus, any decision to enter the market cannot be taken lightly. Where new and small, independent retailers are considering entering the market, they may benefit from engaging a site specialist to analyze the lifestyle, demographic, income and lifestyle factors outlined above, population density, customer profiles, access and traffic flows, the drawing power of other businesses in the area, the visibility of business and signs, required average sales per square foot and the impact of nearby present or future competitors (Coltman: 1993). Notwithstanding the benefits of market forecasting, it must be recognized that the results may be uncontrollable, unreliable or simultaneously contradictory.

2.13.3. Trends in Canadian Retailing and Leisure Activities

One trend worth considering is the newer definition of higher-income "families" which emphasizes single status, more working women, career-oriented professionals and managers, more disposable income than traditional families and a greater pursuit of leisure and cultural activities (Ley: 1996). Indeed, Canadians spent 50 per cent more on entertainment in 1996 than they did a decade earlier, although this amount comprised only 1.1 per cent of household budgets. (*Vancouver Sun*, January 16, 1999). Spending on cable services accounted for nearly 50 per cent (or \$2.8 billion), while videotape and videodisc rentals amounted to 17 per cent. Interestingly enough, although movie attendance was up, revenues decreased due to lower admission prices. Moreover, attendance at live sports events and stage performances were both down. While this trend appears to contradict Ley's prediction of greater cultural (as opposed to leisure) activity suggested above, it may simply underline the problems of forecasting with any great accuracy.

While there is obvious danger in following the advice of any one "futurist" too closely, David Foot has gained considerable notoriety in Canada and thus some space will be devoted to his predictions. In his view, the dwindling number of young children at the millennium will force retailers to adopt one of several strategies, although this author does not consider them mutually exclusive (1998). Choosing a *specific market focus* (e.g pre-boomers, boomers or "echo kids" [born between 1980-1995] will apparently be easier going than attempting to appeal to all demographic groups. Secondly, retailers should *differentiate the same product* so that it can be sold with different levels of service into various markets at different prices (e.g a furniture store offering to put together unassembled products at additional cost). Thirdly, Foot advises retailers to be *ready to change, alter or improve products or services* to expand demographic reach, as preferences and a demand for greater quality and service often increase with age and income. Foot's market focus strategy approximates Jones' and Simmons' segmentation and spatial niche approaches. Differentiation is a useful addition to the discussion while readiness to change seems logical under any conditions, although it is obviously not always easily achieved, as illustrated by the uncertain future of several Canadian department stores.

In the longer term (perhaps 20 years), Foot anticipates that neighbourhood specialty stores supported by loyal customers will take precedence over big-box retailers, where price is the critical factor (1998). This forecast may be somewhat bold and indeed Foot himself states that retailing based on low prices is also heading for a comeback. Moreover, existing food retailers are apparently already nervous at the prospect of Wal-Mart launching "brutally competitive" super food-stores across North America while the

Canadian grocery sector has recently undergone considerable consolidation, with the takeovers of Provigo and the Oshawa Group by Loblaws and Sobey's, respectively (*Vancouver Sun*, January 16, 1999). Those large-scale retailers who cannot keep pace with developments will likely perish. It may be more realistic to envisage a struggle (or even mutual understanding) between specialty neighbourhood stores and big box retailers.

2.13.4. Catering to the Low-Income Population

In general, poor Canadian families allocate much of their income to housing and personal goods while the rich are able to accumulate savings, pay income taxes and spend larger amounts on income elastic luxury goods. As described above, the poor spend a greater proportion of their store expenditures on food while the highest income households spend only 24.8 percent on food. Well-to-do areas generally have many travel agencies, gift shops and financial institutions while small food stores and personal services such as barber shops or shoe repairs predominate in low-income areas. The net result is that high household income groups generate seven times as much retail and service sales as the poorest (Jones and Simmons: 1993).

In light of the above, it would appear that the retail and service needs of the two extreme income groups are vastly different. In addition, given that market size is measured by total market income (number of households multiplied by household income) as opposed to population or number of households, there is limited incentive for retailers and service providers to establish themselves in low-income areas. The one exception is the business which caters to the urban poor which generally stocks

items of lower quality and offer less selection (as the latter have less access to transportation and thus choice of retailer).

2.14. The Growth of Tourism

It has been argued that tourism is the world's second largest form of economic activity, a factor which most communities seeking increased economic activity cannot overlook (McNulty: 1986). Hutton has referred to tourism in Vancouver as a growth industry (1998), whose major target in the foreseeable future will be the aging population with money and time to travel (Foot: 1998). The influential *Conde Nast Traveler* ranks Vancouver one of the world's top ten destinations, while the Open Skies Treaty has increased non-stop air services from the United States by 216 per cent (Foot: 1998). Direct spending of \$2.6 billion by 7.8 million overnight visitors in 1997 benefitted the city's economy enormously (*Tourism*, VEDC, undated). There is, therefore, considerable potential for the VSCPA to benefit from tourism.

Several of the 400 block West Hastings business owners (including those in the antique emporium at the corner of West Hastings and Richards streets) were very optimistic regarding the potential traffic which the new Delta Hotel and adjacent conference centre across from the Simon Fraser University Harbour Centre Campus might bring. Resolution of criminal activity in the VSPCA could also do an enormous amount to tap into the huge nearby cruise-ship industry.

2.15. Community and Private Sector Partnerships

Municipal governments have little taxing power in Canada and have consequently been dependent upon the two senior levels of government for major urban redevelopment projects. With the election of the Chretien government in 1993, significant reductions

in federal government spending and transfers to the provinces occurred, although there are signs that this situation may be easing up, if only modestly or temporarily. Consequently, the Province of British Columbia has had to re-align spending to meet its provincial priorities. With less money available for urban problems, we must look to new funding partnerships..

Where governments become involved with community groups, care must be taken to ensure that an appropriate balance of equals is maintained (Brodhead and Lamontagne: 1994). At the same time, the business community must be encouraged to play a greater role in urban revitalization, through such means as financial assistance to specific projects or foundations, the provision of skills training and employment opportunities or concessions in exchange for the opportunity to undertake development projects. To accomplish this, the potential merits of such efforts should be stressed, including the addition of new properties to an area's tax base, the promotion of an attractive investment climate the creation of new jobs (and thus more spending power), a reduction in social service requirements, an expansion of desirable residential choices and a greater sense of pride in the community (Suchman: 1994). From an economic perspective, local institutions such as hospitals, police stations, churches, schools parks and libraries could better invest in the neighbourhood economy through local purchasing and hiring, creating new businesses, developing human productive capacity and physical resources, investing financial resources locally and creating alternative credit institutions.

Some of the activities described above are already taking place. The VanCity Community Foundation was established in 1989 by VanCity Credit Savings Union to

develop innovative and creative community solutions, partnering with a wide variety of organizations while emphasizing affordable housing, employment development and non-profit enterprise. Its endowment fund was created from a VanCity divided share while individual contributions also encouraged. Support is available in the form of grants, guaranteed loans and lines of credit, low-interest loans and technical assistance. The foundation has assisted such projects as United We Can recycling (providing employment and a better environment), the Sanctuary Bicycle Institute and Pro Shop (which teaches young people bicycle mechanics and retail employment skills) and the Wellspring Food Store. The latter serves the 270 tenants of the 127 Housing Society, now a three house complex established to accommodate some of those facing homelessness as a result of Expo 86 SRO conversions. As most Society residents have less than \$250 per month to spend on food and incidentals, an alternative to the regular higher-priced convenience stores was critical. Volunteer-run, Wellspring is open two hours a day, five days weekly. A \$10,000 grant from VanCity Community Foundation facilitated the initial purchase of inventory, which is now replenished from sales to tenants.

The VanCity Community Foundation has been criticized because its Board has allegedly not found the means to mobilize locally and thus maximize impact through individual VanCity Credit Savings Union branches (Perry and Lewis: 1994). This author is not convinced that this criticism is well-founded as permitting decisions to be made on a branch micro-scale may prevent effective over-all decision making. At the same time VanCity is still small enough that its Board can bring specific neighbourhood knowledge to bear.

2.16. The American Experience with Community Development Corporations (CDC's)

As interest has been expressed by various Downtown Eastside stakeholders in the experience and applicability of American community development corporations (CDC's), a few comments regarding CDC's, micro-enterprise development and community development financial institutions would be appropriate. CDC's have been active in the U.S. for over 30 years and emanated largely from the "war on poverty" and earlier civil rights movement. Initially concerned primarily with housing, their role has expanded to include provision of technical assistance to and operation of small businesses, commercial real estate ventures and job-training. While rural CDC's may cover several counties, inner city CDC's may encompass only a few blocks. Deriving their strength from community roots, many CDC's focus on capacity building (including resources, political, organizational, networking and programmatic (Glickman and Servon: 1998). Economic development is often geared less on government intervention and financial dependency and more on recognizing, inventorying and capitalizing upon existing and potential community assets. From this perspective, "[i]f government replaces the work of citizens and their associations, it will not have created a good society...Secure, wise, just and healthy communities are created by citizens and associations and their enterprises, supported by governments making useful investments in local assets" (Kretzman and McKnight: 1993).

Micro-enterprise programs cater to entrepreneurs seeking approximately \$250 - \$10,000 to start or expand small businesses up to five people. Those served by the programs are those traditionally excluded from the economic mainstream, notably women, those of colour, welfare recipients, unemployed and the working poor. Programs provide loans and financial services in partnership with banks and credit

unions to micro-enterprises normally too small or risky for traditional credit unions, due to their lack of equity, history or collateral. As in Canada, those taking advantage of such funding are penalized by unemployment insurance laws and public housing rent provisions, both of which create major disincentives.

While the concept of micro-enterprise funding is positive, does the fact that most new American businesses fail within three years result in the eventual and debilitating failure of most recipients (Glickman and Servon: 1993)? Secondly, given the low wages paid and long hours worked for most self-employed and small businesses, will the family structure of already vulnerable social groups be further threatened with the need for parents to find second jobs and children to get part-time work? Initial experience also suggests that the accomplishments of CDC's have been greater in housing than commercial and business activities, due to the higher risk of the latter (Swack and Mason: 1994). Most notably, the approximately 2,000 CDC's have difficulty attracting and maintaining trained and experienced staff in business activities. Beyond such general observations, it is difficult to say which aspects might be applied to Victory Square given their relative newness and the lack of comprehensive and consistent data.

CHAPTER 3: THE SEARCH FOR SOLUTIONS

3. The City's Position

3.1. Is Victory Square a legitimate planning area?

Before critiquing the City's 1998 Victory Square Concept Plan and related documents, it is useful to ask how seriously the City has taken the problems of the Square area from an historical perspective, how effective its efforts have been and whether the VSCPA is indeed a legitimate planning area.

After reviewing various historical accounts, it is not evident to this author that what is now known as the VSCPA was particularly different from other areas of the old CBD such as Gastown, for example. The original 1870 boundaries of Gastown included the north side of Hastings Street Square (Kluckner: 1993), representing approximately one quarter of what is now considered Victory Square. Moreover, when L.A. Hamilton conducted a survey for the new downtown in 1885, the outer edges of both Gastown and Victory Square were treated similarly in angling them at Cambie Street to give the new City the straightest streets possible (Kluckner: 1993).

Both areas were included in Ward 2 in the 1888 electoral designation, while the similar locational identification of residents of both areas was important in City Council's 1888 decision to locate the new City Hall on Westminster (Main) Street. In this instance, the private landowners of Ward II triumphed over the Ward I Canadian Pacific Railway representative. The success of Ward II stakeholders in preserving the original was short-lived, however, when the centre of the city began to gravitate west; thus, both Victory Square and Gastown experienced the same decline. Victory Square was first known as Government Square after the 1888 construction of the new Court House. It

was only after WW I and the Court House had already been demolished that a Cenotaph was erected and the park itself was officially named Victory Square (Kluckner: 1993). There is no evidence that the surrounding streets were popularly considered part of the Square. Indeed, a *Vancouver Courier* article (October 8, 1997) indicates that many Vancouverites consider the Woodward's site to be part of Gastown. Others believe if there is to be a Victory Square Concept Area at all, its eastern boundary should be Woodward's itself, more accurately reflecting the residential and economic historical perspective.

From what this author has determined, configuration of Victory Square as a formal planning area is also relatively new. Despite the problems experienced by the neighbourhood, it was only in 1991 that Mayor Gordon Campbell expressed his concern at the rapid economic decline in the area and the need to protect both the housing and heritage building stock, both of which had suffered as a result of Expo 86. On the other hand, Chinatown and Gastown had officially been designated in the early 1970s as heritage areas, thus largely guaranteeing preservation of their built environments during the Expo 86 period. While the inclusion of Victory Square's Flack and Dominion buildings in Gastown ensured their preservation, the lack of attention to the remainder of the Square or other parts of what is now the VSCPA continues to lead this author to question where priorities lay. It is worth noting that as the City is still trying to conceive a vision for the VSPCA, the neighbouring Expo site has already been developed into the partially inhabited and commercially functional International Village.

While this author does not necessarily favour rapidly conceived and implemented megaprojects, why is it that the proposed Taubman upscale commercial venture (now

withdrawn) received such immediate attention? Is Victory Square a "left-over" area whose problems are seemingly intransigent or whose low-income residents lack the political clout to engender more rapid action? Suchman would likely concur with both suggestions and further posit that other barriers to action would be political inertia, an ad hoc policy approach and fragmented city-wide needs which outstrip financial and other resources (1994). Have the fractious and oppositional politics described in Section 2.3 resulted in "planner paralysis", where there is fear of taking any decision for fear of alienating particular stakeholders? Other difficulties with the VSCPA are that, with the exception of the old Woodward's property, as ownership is fragmented, land assembly for larger projects or achieving consensus on particular development approaches may be harder. Further problems include absentee ownership and the lack of owner interest in heritage restoration, at least in the short term.

Consistent with the above, Kluckner observed that although some buildings in Gastown and Chinatown have been entirely and successfully restored or rehabilitated, others elsewhere have sat "grandfathered". In some cases these have been rented out while owners delay decision-making on seismic or building-code upgrading, hoping that heritage zoning would either be lifted or the City would provide greater compensation (1991). Members of the West Hastings Revitalization Association who spoke to this thesis author during the 1998 study voiced their disappointment when the City chose to reduce the Floor Space Ratio for West Hastings Street on a temporary basis in order to encourage heritage restoration yet did not provide additional financial or other compensation. They were also concerned that while the FSR had been reduced, the remainder of the 1995 draft *VSCP* had not been implemented and lacked a substantive economic thrust.

3.1.2. The City's Response to Victory Square's Decline

The City's position with regard to development generally in the downtown peninsula was enunciated in the *Central Area Plan* (1991), the objectives of which were to provide a focus for the region's special economic growth, create an area of mixed activity, ensure a place to live and visit for all people, foster a unique sense of place, and ensure a strong connection to the natural setting. In 1995, the City released its draft *Victory Square Concept Plan*, which itself was updated in July, 1998 as part of the City's broader six report study of the Downtown Eastside and surrounding communities. Dealing with among other issues drug treatment, housing, Victory Square, and Gastown land use, overarching principles for the Downtown Eastside are maintenance and upgrading of adequate housing for existing residents, housing diversity, provision of adequate addiction treatment services, zero tolerance of criminal activity, encouragement of legitimate commercial activity, and community-wide participation in the revitalization process (*News Release*, July 21, 1998). Future revitalization is to be based upon the Square's unique characteristics, including largely low- to mid-rise edifices, the many heritage and character buildings, land use, the low-income community and the emerging arts, cultural and education activities. Much of the Information in the revised *Plan* has been updated to reflect changed conditions such as the reduction of low-income housing stock while heritage amendments have been suggested relating to reuse and upgrading.

Federal and provincial participation in the process is encouraged due to overlapping jurisdictions and limited municipal revenues. A request for \$6 million over five years was successfully made to the former as part of the \$32 million national crime prevention program (*Vancouver Sun*, September 15, 1998). The three levels of

government also agreed on October 2, 1998 to coordinate community revitalization efforts, and an *Urban Development Agreement* is being drafted. In addition, the Vancouver Economic Development Commission has been mandated by the Mayor to look at ways of economic rejuvenation as a follow-up to the October 29, 1998 Second "Community Partner Forum" of Vancouver's Coalition for Crime Prevention and Drug Treatment. It is encouraging that a linkage has been made between crime, drugs and economic well-being.

3.1.3. Stimulating Economic Activity

While it is not possible to entirely isolate discussion of economic activity in the *Plan*, it is found primarily in Chapters 8 (Commercial Revitalization) and 9 (Arts, Culture and Education). The *Plan* suggests that a new consumer base be generated by fostering a local resident community capable of sustaining local-servicing businesses and building a new consumer base drawn from outside the area. While these two approaches are the appropriate types of retail strategies discussed above, the lack of any demographic/threshold analysis or market projections makes it difficult to know how many new residents would be needed for a local business to survive. The answer to this question is complicated by the fact that on either side of Victory Square large amounts of new commercial (retail/office) space will or have been built (300,000 square feet in International Village and up to 252,000 square feet in the proposed tourism and convention centre) in addition to that existing in the CBD or other parts of the Downtown Eastside. Has the City thus put the VSCPA merchants in an untenable economic situation, as was arguably the case when the Pacific Centre opened in 1979?

While much of the *Plan's* Chapter 5 (Housing) deals with retention, upgrading and further provision of social and low-income housing, various amendments are given to encourage market housing (and thus increase the local population with disposable income) including:

1. relaxation of the FSR based on economic analysis for market developments which provide at least 20 per cent low cost housing;
2. residential conversions of existing non-SRO buildings with:
 - relaxed height and density for *Heritage Register* properties;
 - deletion of the current 3.0 FSR residential limit, and
 - other discretionary measures (e.g. parking).
3. new-residential developments on low impact (non-SRO and non-heritage) sites:
 - permitting a density of 3.5 FSR for market housing, and
 - relaxation of other regulations such as the horizontal angle of daylight.

Unfortunately, no estimate is made as to the number of new residential units which might be created as a result of such actions, compounding the lack of quantifiable analysis referred to above. Further discussion of heritage related issues will be included in Section 4.

Other suggestions are provided with regard to identifying a new market role for the area, reviewing current regulations to reduce storefront vacancies, working with the community to replace the loss of the services previously provided by Woodward's, increasing curbside parking and general safety. While these proposals are useful, they were made in the 1995 draft. One might constructively ask why the regulations

referred to above which contribute to storefront vacancies were not studied in depth and ameliorative suggestions prepared for the 1998 update.

Useful but fairly general suggestions are also made with regard to the retention of a business consultant, the fostering of partnerships between local businesses and residents, the creation of an employment opportunity bureau, work with non-profits and Vancouver Community College in terms of training programs and the development of commercial work/live space. Care would certainly have to be taken in hiring a business consultant who was familiar with the tenets of community economic development and sympathetic to the views of all community stakeholders. Otherwise, the potential for effective partnerships will be largely diminished. In this regard, Perry and Lewis suggest that one of the primary benefits of community control is a higher potential for innovation than traditional economic development (1994).

The VSCP's authors point to the presence of major arts, cultural and educational centres and the growth in the number of creative design professionals and filmmakers. At the same time, appropriate recognition is given to the need to avoid displacing the "fragile" arts community residents and small galleries. Recommendations include:

1. creation of a "gallery" use under Cultural and Recreational uses;
2. inclusion of various creative activities in the "light industrial" zoning category;
3. legalizing and encouraging artist live/work studios;
4. review of building codes to more easily integrate the above into mixed-use buildings;
5. encouraging bonusing provisions for the inclusion of low income artists; live/work studios where social housing is not deemed appropriate, and

6. including artist/live work occupancies in the City's Strata-Title and Cooperative Conversion Guidelines to provide them with the same protection and opportunities as residential households when conversion applications are made;
7. the encouragement of various public art projects, and
8. increased street activities.

These are all laudable suggestions and their implementation would probably be helpful, although one must ask whether their enactment would result in negative competition with Gastown.

One might question the City's actual commitment to increased street activities, in light of the fact that the City and Parks Board have enacted busking regulations requiring permits, designating performance sites and creating free busking areas which do not appear to include Victory Square park (*The Vancouver Courier*, May 24, 1998). While regulations to avoid outright panhandling and the blockage of safe passage are important, care must also be taken not to discourage the spontaneity of busking, which might well appeal to surrounding office employees, residents and tourists alike (Paumier). Buskers are part of an often unrecognized "producers" group which plays a crucial role in creating a "sense of place". These include pavement artists, street market sellers and participants in street events and festivals (Evans: 1997).

3.1.4. Current Anti-Crime Activities

As stated earlier, criminal activity and threats to physical safety are the two most significant problems facing the VSPCA. Four City "clean-up" initiatives in the Downtown Eastside related to economic activity are receiving considerable media

attention. Firstly, in response to the City's endeavour to rid the area of drug dealing and prostitution, a Mount Pleasant resident has opined that "her neighbourhood has started on a downward slide that needs to be stopped...if we don't want to see the demise of this area" (*Vancouver Courier*, October 11, 1998). The article suggests that "area restrictions" imposed by the courts on Downtown Eastside crack cocaine dealers and prostitutes in conjunction with a politically-motivated council "that wants to please developers who have their eyes on the real estate in the [DE] area" have encouraged "unsavoury" elements to migrate further east. This latter allegation is surprising as it has not been clear to this author that there is any strong development interest in the Downtown Eastside. The migration of dealers and prostitutes is understandably something that no neighbourhood desires including Mount Pleasant/Commercial Drive, and this also applies to the traditional population of the Downtown Eastside. There is, however, no evidence to suggest that the prostitutes and dealers are long-term residents of the Downtown Eastside

The second initiative is the City's intention to draft a by-law restricting early-morning operating hours of specific area businesses (in particular limited-service food establishments, pawnbrokers and second-hand dealers), targeting areas such as Victory Square, Chinatown, Strathcona and Gastown (*Westender*, October 22, 1998). Such a by-law is now possible as a result of a recent provincial government amendment to the *Vancouver Charter*. While a Director of the Chinatown Merchants Association has stated that while this bylaw is a good first step, he also opined that it does not go far enough to deal with the area's multitude of problems (*Vancouver Sun*, July 21, 1998). Thirdly, great reluctance is being shown by the Vancouver Police Board (with the exception of Chair Mayor Owen and Chief Chambers) to locate 40 more

officers in the Downtown Eastside, despite approval from City Council. This author does not mean to suggest that additional police officers will automatically reduce crime, as the latter is merely symptomatic of deep-rooted ills requiring consideration numerous issues such as health care, education and job creation. While the Board's concerns that other neighbourhoods not suffer from a reduction in staffing to meet the needs of the Downtown Eastside are understandable, its reluctance to add officers to the Downtown Eastside undermines overall efforts to reduce criminal activity in the area.

3.1.4.1. *The Cannabis Cafe*

The fourth anti-crime initiative relates to the Cannabis Café, Hemp B.C., The Little Grow Shop and Legal Assistance B.C. complex, which has become an unfortunate "flashpoint".. During this author's 1998 study, Marc Emery (a notable pro-marijuana crusader) had been the proprietor of these businesses. Emery had previously been charged with trafficking, assault and promoting vaporizers and is still running a seed business, although not in the -300 block of West Hastings. He has apparently been banned from the area and the Café and Hemp B.C. (without the Little Grow Shop) are now being operated by Shelley Francis (also known as Sister Icee), who is trying to distance herself from Emery. Francis has not been granted a business licence and City Police have raided the Café on three occasions, in one instance causing a small riot (*Westender*, September 17, 1998). On another occasion, marijuana advocate David Malmo-Levine was apprehended while innocently playing hacky-sack near the Cenotaph. When it was clear that he was not in possession of any illegal substance nor engaged in the purchase of such, the police officers were required to release him. Mayor Philip Owen, Chairman of the Vancouver Police Board, has justified such actions on the grounds that the City must enforce federal laws, which at present do not

recognize marijuana (*The Vancouver Courier*, October 7, 1998). Indeed, the Mayor was quoted in the *New York Times* as vowing that the Café's storefronts would "be toast by September" (*Vancouver Sun*, October 8, 1998).

While it is not the purpose of this thesis to advocate the legalization of marijuana or any other drug or to discuss its alleged health benefits, or to recommend that alcohol be criminalized, the Mayor's and police action may be inappropriate for four reasons. Firstly, the Cannabis Café may have a positive impact upon the economy of the area and add ambiance. As stated earlier, the Café had been a major employer. Several important merchants interviewed in this author's survey also stated that the Café's presence added a certain distinction and unique "texture" to the neighbourhood. If the City is serious in its attempts to promote an arts/educational/creative neighbourhood, permitting the Café to exist might be beneficial. Since the survey was carried out, other local businesses have spoken in favour of the Café. Lisa Sven of the neighbouring Victory Café said she and other entrepreneurs had been attracted to the area by the Café (*The Vancouver Courier*, October 7, 1998). A nearby non-profit executive recently opined in confidence to this author that police could much more usefully spend their time dealing with open crack cocaine deals in neighbouring drinking establishments.

Secondly, contrary to what the Mayor and other officials may claim, the Café may enhance neighbourhood safety rather than contribute to crime and delinquency. Landscape architecture student Michael Wilkes, who uses the new University of British Columbia architectural studio in the same block, claims that the Café makes the street safer (*Vancouver Courier*, October 7, 1998) while Bassix specialty music store owner,

Don Vincent, opined that closing the Café "would hand the area over to junkies and drug dealers". It should be pointed out that when this author spoke with Hemp Legal Assistance B.C.'s representative following the 1998 study, the latter stated that he had moved his office into the neighbouring Dominion Tower for reasons of safety; thus, even staff of the Cafe complex are worried by the threat of physical assault.

Vincent suggested that the block be developed into "a funky area like Queen Street in Toronto", which is the most useful and definitive suggestion advanced to date. Queen Street is an area known for its ethnic and social variety, affordable restaurants, safety, interesting stores including used and new books and clothing, range of accommodation and general quasi "bohemian" nature.

Thirdly, while it is true that marijuana is not legal in Canada, expending so many physical and financial resources to raid and attempt to close down the Café draws attention away from the much greater problems related to crack cocaine, heroin, pawn shops, prostitution and other crimes. During the mini-riot referred to above, 28 officers were involved, which does not include the legal and inspection officials who are continually working on the closure. Undoubtedly it is easier to deal with the Café in the short term than the myriad of more complicated and interwoven issues and its closure would certainly enhance the Mayor's image in dealing with the Downtown Eastside.

Finally, although the Mayor's somewhat heavy-handed approach may appeal to some members of the business community, they are not universally applauded, as illustrated above. If the all members of the community are to work together to overcome the

problems it faces, greater effort must be made at more diplomatic and inclusive consensus-building.

3.2. Lessons from Elsewhere

3.2.1. The Gastown Experiment

While there has been no significant substantive analysis of Gastown since its heritage designation and revitalization, it is fair to say that the experiment has met with only limited success. At a February 21, 1998 meeting of Heritage Vancouver, Jon Ellis (former City planner, President of the Gastown Business Improvement Society and member of the Gastown Historic Area Planning Committee, and current planning consultant) opined that there had never been a proper vision for Gastown and as such, much of the effort which had gone into restoration may have been for naught. A similar view was expressed by City planner Nathan Edelson (*Vancouver Courier*, October 7, 1997). According to City heritage planner Jeannette Hlavach, one of the problems with the Gastown initiative is that it "was firmly rooted in the 'beautification movement of the 1970's" and paid little attention to housing and neighbourhood services for the primarily low-income population (*Vancouver Courier*, October 7, 1997). As with the VSCPA, crime is an enormous problem. While the proliferation of cheap tourist shops is of concern, local private art galleries have been somewhat successful. In a more conciliatory assessment, noted author and current chair of Heritage Canada's Board of Governors, Michael Kluckner, has commented that "Gastown is a fairly good compromise between heritage and tourist-oriented retail, probably because no one interest group has yet been able to gain the upper hand" (1991). This author considers it equally as relevant, however, to ask whether failure to achieve consensus on many

issues is actually hampering Gastown as opposed to ensuring an appropriate balance between interests.

According to the *Vancouver Courier*, Gastown could become either "an area of funky diversity with artists, long-time welfare recipients, urban professionals and out-of-town visitors. Equally possible is an area hit by the up-market 'Yaletown effect,' the gentrification that comes with higher property values" (*Vancouver Courier*, October 7, 1997). One problem with this analysis is that it ignores the possibility that Gastown may never come to terms with its tensions. Secondly, it is not clear to this author that the first alternative (e.g. "funky diversity") is sustainable in the long run. Is it not true that "funky" areas usually become popular and for that reasons, market prices increase?

3.3.2. The Metamorphosis of Yaletown

Vancouver's Yaletown was developed in the late 19th century by the Canadian Pacific Railway. Remnants of the community remain, including the Roundhouse, the Yale Hotel, several 1880's frame houses and a variety of imposing brick and concrete warehouses, including the Yaletown Building, Murchie's Tea and Coffee and the Yaletown Centre (Kalman *et al*: 1993). Although zoned for high-density office towers, by the time the City began to formulate a development proposal for the area, the first wave of North American inner city projects had ended and Vancouver was facing economic recession and fiscal restraint. In response, the City produced the 1980 report *Yaletown: A Future of Preservation and Change*, which proposed development of the area as a vibrant, mixed-use heritage area (similar to those of Soho, Seattle and

Winnipeg), taking advantage of the structures which were originally scheduled to be demolished (*The Vancouver Courier*, October 7, 1998).

Despite building code and lighting problems and poor public access because of the original loading docks, retailers, architects, production companies and photographers established themselves due to cheap rents. The City made subsequent efforts to preserve the heritage buildings, encourage "sophisticated" development and increase the residential population. Although Yaletown was expected to flourish as a result of Expo 86, this did not happen and there is still no agreement as to whether the area has been successful. According to one leasing agent, renovations have driven rents up and the perception of trendiness has increased demand. While office space is well-occupied, street-level retail vacancies are at 17 per cent (*Vancouver Courier*, October 7, 1998) and entire buildings remain unoccupied. Many artisans have moved out as they cannot afford rents and been replaced by high-end fashion. The neighbourhood lacks certain amenities and until recently, no large grocer had expressed interest in locating in the area. In the opinion of this author, the one bar/restaurant which lacked pretensions and had any sort of "bohemian" flair has been converted to a lifeless pool hall.

3.2.3. Victoria

According to Hamilton and Simard (1993), the urban morphogenesis of Victoria's Inner Harbour has been dominated by de-industrialization and the growth of predominantly leisure oriented consumption patterns, a feature consistent with Ley's assumptions regarding gentrification. Although Victoria's earlier condition had been likened to Baltimore's "rust-belt" experiences with its derelict piers and plants, scrap dealers, oil

storage tanks and pollution, its retail core had remained strong while the City had become an active international tourist destination (although obviously not on the same scale as Vancouver). In contrast with Vancouver, the Inner Harbour had neither large areas of sub-standard housing nor extreme social and economic differentials; thus, any changes would likely be easier to implement. and social groups were included and which excluded from its design and construction.

While the planning strategies and design guidelines for Vancouver's False Creek and Victoria's Inner Harbour were quite similar, the final product was not. Hamilton and Simard suggest that False Creek became a "model of egalitarianism" in its provision of low-income housing and access for the elderly and handicapped, while Victoria's Inner Harbour developments provided "lifestyle housing" for the economically advantaged and "transformed [the area] from a place of work and production to a place of leisure and consumption". While they opine the Inner Harbour has yet to become a "people place", Hamilton and Simard suggest that from a variety of other perspectives, the outcome has been positive. Innovative urban design is said to have resulted in a "casual ambiance" with an emphasis on aesthetic and functional coherence. With regard to the protection and enhancement of heritage structures and landmarks, market forces have apparently not dominated planning and redevelopment decisions.

3.2.4. Seattle's Pioneer Square

Seattle's Pioneer Square Historic District is similar to Victory Square in terms of its central location, wealth of heritage buildings and long-term low-income and transient populations. Consequently, they share similar challenges and it would be valuable for Vancouver stakeholders to observe Seattle's progress. One obvious difference,

however, is that Pioneer Square's low-income population is not effectively organized or mobilized, unlike DERA in Vancouver's Downtown Eastside. Secondly, much of Pioneer Square's current planning and community activity is in response to major development which currently exist, including public transit infrastructure improvements, a new football stadium and interest from various major private developers. While such pressure will probably ensure that development will take place without the need for much direct public investment (Werwath: 1998), the need for social-economic impact mitigation is obviously great.

The *Draft 1998 Pioneer Square Neighbourhood Plan* includes proposals for capital improvements, identifies private and publicly held sites where development should be encouraged and includes policy recommendations and extensive design guidelines for public spaces. The *Plan's* major principles and policies include: 1) the establishment and respect of common standards of safety and civility, 2) cleanliness and maintenance of public and private spaces, 3) enhancing Pioneer Square's arts and historic identity in terms of artist involvement, a network of galleries, affordable live/work spaces, performance venues and public art and identifying stories, sites and concepts for historic site experiences and 5) the establishment of the Pioneer Square Preservation Board to actively analyze, promote and enforce the above goals. Of particular interest is the *Plan's* commitment to improving Pioneer Place Park itself, to act as a foyer to the area, preserving its historic and artistic aspects, enhancing the parks' ability to host diverse and constant public social activities and protecting the views of bordering heritage structures.

As in Victory Square, another goal is to increase and broaden residential availability. This would involve restoration and new construction, the maintenance of the existing supply of low-income housing and shelter beds, incentives to encourage private development mixed-housing, protection of existing and creation of new artist live/work space. In addition, efforts are to be made to promote the development of businesses catering to local residents. As with Victory Square, however, neither the *Plan* nor officials of the Pioneer Square Planning Committee to whom this author spoke could say with any certainty how gentrification could be avoided. Low-income service groups, existing small businesses and residents are very worried (discussion with Renee Turner, Pioneer Square Planning Committee Coordinator, February 19, 1999). It is interesting to note that for the purchase of one low-income hotel alone (the 234 unit Fry Hotel), the Low Income Housing Institute has already succeeded in securing \$2 million in state housing trust funds money, \$3 million from the City of Seattle and \$9 million in federal tax credits (discussion with Sharon Lee, Low Income Housing Institute, March 4, 1999).

CHAPTER FOUR: CAN HERITAGE PRESERVATION HELP?

4.1. Arguments for Preservation

The purpose of this section is to assess the extent to which historic downtown neighbourhood preservation can contribute to the rejuvenation of Victory Square. In this regard, it is important to assess the economic and other benefits of conservation to both society in general and developers of property owners, in particular, as well as the effectiveness of various government financial and other incentives.

The wide variety of arguments for built heritage preservation presented over the years and are too numerous to fully list. As many of those which are non-economic in nature are relatively well-known and the focus of this thesis is to examine the potential for economic rejuvenation of Victory Square, only a few will be highlighted. Firstly, structures and landmarks are preserved to honour and understand past events, satisfying a need not only for nostalgia and patriotism but to understand how we differ from others, particularly in an age of rapid communication and technological changes which otherwise tend to foster global homogeneity (Porter in Brandes Gratz: 1994). If one subscribes to the notion of the rebirth of "city-states," healthy downtowns and historic structures also "reaffirm the critical importance of a citistate's heart" and "are important for a citistate presentation to the world" (Pierce in Rypkema: 1994). Such resources are also significant because of their intrinsic artistic value, beauty (Stipe: 1972), rarity (Earl: 1996) educational use and inspiration.

As most older public spaces and buildings such as Victory Square were designed largely with a pedestrian focus, given the relative unimportance of automobiles at the time of construction (Rypkema: 1994), they can be returned to their original functions.

Imaginative conservation can thus provide a tool for human and social rebirth, as has apparently occurred in Savannah, GA, Soho (New York), NY and Charlestown, NC (Brandes Gratz: 1994). Effective preservation can create positive social gathering places, not ones where illegal activities predominate, as is currently the case with Vancouver's Victory Square and Pioneer Place at the corner of Carrall and West Hastings streets. Many groups such as the poor, elderly, creative, students and small businesses can be united to work toward neighbourhood preservation and enhancing the quality of human life (Stipe: 1972). While Victory Square is no longer in the CBD, it once was the centre of Vancouver's commercial and civic life and remains adjacent to the new CBD. While its health is thus not only important for the CBD's well-being, any decline also reflects negatively upon a community's institutional and political leadership. Rejuvenated historic downtowns also provide a diversity of space and rent levels unavailable elsewhere while their deterioration results in the under-utilization of existing taxpayer-financed infrastructure.

From social, environmental protection and resource conservation perspectives, the restoration of older buildings can provide adequate low-cost housing or other modern commercial purposes, while resources which would otherwise be expended on new structures and materials can be conserved. According to a 1975 ERDA study, the rehabilitation process consumes 23 per cent less energy than new construction. In 1967, for example, it took 49,000 BTU's per square foot to rehabilitate a structure compared to 65,200 BTU's per square foot to build new. In addition, heritage conservation reduces waste materials from demolition sites and helps contain urban sprawl with its attendant wasteful consumption of green-field land (Weiler: 1998). It has been estimated that the act of demolishing and replacing a single-family home

produces 95 tons of waste, while renovation creates only ten, an important consideration in light of the 2.3 million buildings in Canada erected before 1940, still standing in 1993 (Kluckner: 1993).

To summarize, downtowns can be revived and reinforced while suburban growth can be more effectively controlled by means of heritage conservation, in conjunction with proper alternative mode transportation planning and the construction of new buildings only when necessary (Brandes Gratz: 1994). All of these ends are consistent with the four fundamental strategies of the 1996 Greater Vancouver *Livable Region Strategic Plan*, namely protection of the Green Zone, the creation of Complete Communities, achieving a compact metropolitan region and increasing transportation choice. Whatever action is taken in the VSCPA must be consistent with the above *Plan*.

4.2. Does Conservation Pay?

While the initial focus of the heritage conservation movement was cultural, educational, architectural, social and/or historic and latterly, environmental and resource conservation, increasing attention is now being placed to such alleged economic benefits as job creation, tourism, economic development, greater activity in the building and construction sector and related spin-off products and industries. Heritage Canada's Vice President for Research and Economic Development, John Weiler, recently argued that cost benefit evidence is generally more anecdotal than scientific and at other times inconsistent (1998). As an example, he refers to a 1986 CMHC study which indicated that renovations created over twice the direct employment of new construction, while a 1993 CMHC consultant's report determined that residential renovation and new construction were in a virtual dead heat in job creation. While

Weiler admits that it is not clear whether the first study included only non-residential renovations, he also asserts that there is a need to design a proper employment generation model in order to identify employment multipliers. Weiler also points to the British Royal Institute of Chartered Surveyors, which examined various methods of cost benefit analysis (CBA) and found that there is no calculable answer to the net benefits of urban conservation, although *prima facie* evidence appears large and positive. Similarly, an Australian Heritage Commission's report is based on a literature search and case studies.

In light of the examples Weiler uses, it appears to his assumptions are based primarily upon the British Peter Larkham's *Conservation and the City* (1996), A more recent American National Trust for Historic Preservation publication by Donavon Rypkema (1997) asserts that historic preservation does have measurable economic impacts which have facilitated the creation of comprehensive econometric models. For example, if a community were to choose \$1 million in rehabilitation over the same amount in new construction, the following advantages would be discernible:

- \$120,000 more will initially remain in the community,
- 4.7 more construction jobs will be created,
- the increase in household incomes will be \$107,000 greater,
- community retail sales increases will be \$34,000 greater, and
- real estate companies, lending institutions, personal service vendors and eating and drinking establishments will receive greater but unspecified economic benefits.

Rypkema also refers to a recent survey which determined that of 320 large and small American cities of 45 economic development tools, historic preservation was the

seventh most often cited (in Listokin *et al*: 1998). Of the 20 cities identified as the most successful economic development experiences, fifteen featured significant historic rehabilitation activity. The National Trust's own Main Street Program is said to have generated significant economic activity in 1,200 communities from 1980 - 1998. Benefits include \$8.6 billion in public and private reinvestment, 43,800 net new businesses generated, 161,600 net new jobs generated and 48,800 buildings rehabilitated (Listokin *et al*: 1998).

Similarly, the British Columbia Heritage Trust declared in its 1998 publication *Respecting our Past - Preparing for our Future*, that:

- rehabilitation investment contributes more than \$40 billion annually to the Canadian economy,
- rehabilitation and restoration create twice as many jobs for every dollar invested,
- rehabilitation investment results in higher property assessments and improves community tax revenues without adding costly burdens to existing water, sewer and electrical grids,
- as rehabilitation is more labour intensive and reliant on community-based business, trade dollars stay in the local, regional and provincial economies,
- heritage projects often procure necessary goods and services within the community, creating opportunities for small business development, and
- the smaller scale of many rehabilitation projects fosters reliance on local suppliers, thus enhancing community development.

Experiences in other countries may differ from Canada's as a result of variable factors such as tax regimes or interest rates. Indeed, the Canadian Construction Association has estimated that building rehabilitation creates 27.8 direct jobs per million dollars invested, which represents twice that of new construction (Kluckner: 1991) and less than half that estimated by Rypkema in the American context. On the other end of the spectrum from Rypkema are those who argue that as a mere 16.7 per cent of all U.S. rehabilitation projects have been designated for low- and middle-income occupancy, this is not the best use of public funds. One million dollars could build considerably more public housing units, it is argued (Smith: 1998). A review of Boston's South End extensive renovations during the 1970's indicates that architects and builders were based elsewhere and took their profits home to other neighbourhoods in the metropolitan area. Few local construction workers were hired as the renovations generally required highly skilled and specialized workers who were not available in the neighbourhood, which may have contributed to the fact that most contractors advertised for employment outside the local area (Werwath: 1998).

The contradictions between Canadian, British and Australian experiences and the American Rypkema's extraordinarily positive and explicit findings suggest that substantial further research is required in this area before many conclusions can be safely drawn.

4.3. A Developer's Perspective

Much of the above discussion assumes that society considers heritage conservation to be in the public interest and that public funds or tax incentives will always be available to this end. Both these suppositions are flawed as many developers and property

owners have little inherent interest in heritage while massive public sector funding appears to be a thing of the past. As a result, it is necessary to look at what might motivate developers and property owners to undertake preservation for their own benefit.

Urban property has two basic values, that of the capital value of buildings and sites in existing use and the capital value of cleared sites in their best alternative uses (Cleared Site Value). Developers must choose between one of the above or other forms of investment altogether in order to maximize their investments. A cleared site generally provides greater options for land use, site coverage, density, the use of new building techniques, standards of construction, specifications, design and layout. Building rehabilitation or restoration, on the other hand, places obvious physical constraints and involves maintenance, repair and adaptation to ensure sound structure and functional adjustment of the building. The extent to which a particular building may have aged depends on various factor including the methods of initial construction, subsequent maintenance and repair and climactic or environmental conditions. Whether a building becomes obsolete relates to the rate of technical innovation and adaptability of existing to new uses or needs such as information technology, changing patterns of urban growth and the location of urban activities and population and negative external or neighbourhood effects (Balchin *et al.*: 1995).

Economic theory posits that in periods of price stability, the capital value of a building and site in existing use falls as the building becomes obsolete or wears out but the CSV remains constant. During inflation, both values are said to increase, although the CSV probably rises more quickly than the capital value of a building and site in existing

use (Balchin *et al.*: 1995). While the suggestion has been made that "economic recession is the friend of heritage" due to less development pressure (Kluckner: 1991), it is also true that institutional financing, often a significant obstacle in any commercial preservation projects, is less available (address by Paolo Pela, Economics of Heritage Conservation conference, February 26, 1999).

The fundamental issue for a developer is whether the *value* of a structure after rehabilitation exceeds the hard, soft and rent-up costs of acquisition, rehabilitation, operation and disposition. There are various considerations which, in sum, determine this value, including high and dependable income, the timing of return, appreciation potential, favourable tax treatment, minimum loss risk, leveragability, liquidity and ease of management (Rypkema: 1994). Several exemplary *pro formas* included in *Appendix V* compare the relative costs of new construction and restoration. Where it is the intention of a building owner to maintain the property in perpetuity, it is important to consider the building's life-cycle costs, as opposed to those related to the shorter mortgage life (Fram: 1992).

A significant problem facing Canadian developers is the reticence of conservative conventional lenders to finance preservation projects, given the incentives for new construction by the current system of taxation which permits accelerated depreciation of new work (Fram: 1992). It is also important to note that many Canadian heritage structures have high tax assessments often unrelated to their current utility based on the downtown location and typically large size, which would otherwise encourage demolition or massive insensitive interventions to maximize income. There are also considerable restrictions on an owner's cash flow during rehabilitation, which in the

case of small or single structure developers, may be daunting. Restrictive building codes, lengthy municipal approval procedures which add to finance interest fees and may negatively impact the date upon which the project may come to the market may all add to a developer's costs. Finally, and significantly, the Canadian tax regime normally penalizes rehabilitation through considerably high tax assessments upon completion (Kluckner: 1991), which cannot be depreciated as quickly as new construction, as stated in the previous paragraph.

Due to the paucity of useful Canadian data and in light of the fact each case must be considered on its own merits and pursuant to specific relevant conditions, it is difficult to make many generalizations. Nonetheless, Rypkema's suspect research suggests that where no demolition is required, a major commercial rehabilitation likely costs from twelve per cent less to nine per cent more than the cost of comparable new construction, with the typical building cost being four per cent. If new construction necessitates the expense of razing an existing structure, cost savings range from three to sixteen per cent. Reuse of major elements of the building (mechanical, electrical, windows, plumbing and roof repair instead of replacement) can also result in major savings. Building components likely to be less expensive in rehabilitation than new construction include superstructure, foundation, roof and exterior closure. Components likely to be more expensive are interior construction, mechanical and conveying. Those likely to be equivalent in cost include electrical, architect and substructure (1997).

From a commercial property perspective, there are various factors which can increase the likelihood of project viability. These include superior location, the selection of

visible corner buildings, a large rectangular floor-plate which permits easy reconfiguration of wall space and the avoidance of properties which may have high environmental remediation costs (as with asbestos, for example). In addition, there should be a potentially significant retail component, as returns are generally greater than from office. Prominent and significant heritage features both on the exterior and interior are highly desirable, although municipal designation should leave interior flexibility for retail reconfigurations. Adequate parking in the immediate vicinity is also desirable (Pela: 1993). Potential developers must also do their homework regarding demand for office space, which can be affected by the size of the labour force, share of workers employed in office space, the amount of space required per office worker, changes in general prosperity and the cyclical movement in office space. Changes in office space supply must also be monitored and are influenced by current and expected levels of rents and vacancy (determined by the balance of supply and demand in the local market at any given moment), interest rates, credit availability and other factors such as changes in tax benefits, an increase in pension fund investments and financial deregulation (Downs: 1993). Some of the factors affecting retail conditions have been discussed in Section 2.13.

A highly contentious issue is the question of economics *versus* authenticity. Where a private sector development becomes economically unfeasible due to the need to adhere strictly to heritage authenticity in terms of specific aspects as space restrictions and configurations, should it be prohibited from going ahead or criticized by heritage purists as inaccurate? The 1992 *Ontario Heritage Foundation Manual* (Fram) provides useful guidance when it advises discretion in the search for present day social or economic viability where buildings have outlived the function for which they were

created. As much as possible, however, conservation activity should respect the natural aging process, period/historic continuity, additions and modifications which have acquired their own heritage values, uniqueness, community setting and context and informed intervention where necessary as opposed to false conjecture.

4.4. Where the Costs of Conservation Exceed Value

While it is hoped that private sector heritage preservation projects can be economically viable, it is often the case that Canada's punitive tax system thwarts such efforts. In other cases, where broader societal objectives such as increased employment are desired, related costs should not necessarily be borne by the private sector. Where municipal designation obviously prevents owners from otherwise maximizing property values, direct or indirect public subsidies commensurate with the benefits which society derives from heritage conservation should be considered (Weiler: 1998). These should be varied according to the relative value and growth potential of designated properties or where there are special problems of deprivation.

The City of Vancouver has developed several policies to help alleviate some of these obstacles. Firstly, the *Zoning and Development By-law* permits an increase in Floor Space Ratio to permit a development which includes conservation of a building on the City Heritage Registry provided that the Director of Planning "has regard to the cost of the heritage-related conservation, the value of the increased floor area, the impact upon livability and environmental quality of the neighbourhood and appropriateness of requiring heritage designation as a condition of approval" (City of Vancouver, *Heritage Policies and Guidelines*, 1995).

A second tool is the Transfer of Density Policy (or the sale of "air rights"), which permits a developer to transfer the above heritage density bonus to another site in exchange for retaining the heritage features of a building. Concern has been expressed that density bonusing has led to "facadism," where owners retain only decorative facades while making massive interior alterations or incorporating old decorative facades into new developments (Kluckner:1991). Similarly, it has been argued that "heritage is no longer a cause, it's becoming a commodity. Old residential and commercial buildings of dubious merit are retained in return for heritage bonuses" (Ward: 1998). Moreover, new "heritage infill" developments are now being designated and recognized, as was the case at the 1998 City of Vancouver Heritage awards. Paolo Pella has suggested that a more effective method of encouraging well-motivated preservation and avoiding the commodification of heritage density transfers would be to tax those property owners who allow their structures to deteriorate rather than increasing the assessment values of those pro-active owners and developers who undertake rehabilitation projects which benefit the entire community, including delinquent neighbours (The Economics of Heritage Conservation conference, February 26, 1999). While this suggestion would require the exercise of considerable discretionary authority and the dedication of City Hall inspectors to this effort, it is worthy of consideration.

The *VSCP* includes several suggestions to recognize and reinforce the area's building stock and public realm which would be of benefit to private sector developers and building owners, including: identification of the *VSCP* as a Heritage Character Area; relaxation of height and density limits for projects including retention and rehabilitation of heritage structures; amending permitted land uses in the Zoning and Development By-law to allow more leeway in rehabilitation and reuse, including establishment of a

"storefront use" category; reviewing change of use provisions to allow a wider range of uses without triggering building code upgrades and new parking requirements; and a "Green Door" priority processing policy for heritage buildings. While these proposals are generally valuable, this author hopes that the relaxation of height and density limits will not disturb the neighbourhood's character. Several of the other recommendations have been made or implemented elsewhere for years and the City's failure to act has accentuated the area's decline. As suggested in Section 3.3.1. with reference to Gastown, simply identifying the VSCPA as a Heritage Character Area in itself is insufficient unless it is accompanied by a meaningful vision. The extent to which the Zoning and Development By-law is modified may also threaten the VSCPA's scale and heritage character. While a streamlined priority processing policy is long overdue, great care will be needed to ensure that health, heritage and low-income other concerns are not overlooked.

The City of Edmonton has attempted to resolve the taxation described obstacles above through its Heritage Tax Policy, which features tax rebates and an investment rehabilitation fund. Level 1 compensation responds to situations where the building's (not the land's) tax assessment encourages demolition and is payable for a maximum of five years. Level 2 reduces the problem of restrictive cash flow and provides a two year rebate on building and land tax assessment. The third level offsets property tax increases after rehabilitation through a five year descending level of rebate. Other incentives include relaxation of loading, parking and amenity requirements and transfer of development rights. Since its establishment in 1988, more than thirteen buildings have directly benefitted while \$4.2 million has induced \$58 million in private expenditures and created in excess of 2,800 jobs (Heritage Canada: 1998).

It is useful to examine several City of Victoria initiatives. Although the City lamentably and inexcusably (in this author's opinion) sold a large area of the downtown with significant heritage structures in the 1980's to Cadillac Fairview for the construction of the Eaton Centre shopping complex, the proceeds were effectively used to establish the Downtown Heritage Building Incentive Program (HBIP). The latter funds up to 50 per cent (to a ceiling of \$50,000) for an historically accurate restoration of municipally designated buildings (Kluckner: 1991). From 1990-1997, \$827,778.30 in HBIP funds as leveraged \$6.33 million in private restoration toward 45 designated buildings, a factor of approximately 6:1 (Victoria Civic Heritage Trust: 1998). A subsequent City of Victoria study determined that the HBIP had significantly increased tax assessments on rehabilitated structures from 72 to 3,390 per cent. While this was of obvious benefit to governments providing additional annual tax revenues of \$70,277, the latter have resulted in obvious financial hardships to building owners.

In light of the latter finding and in an effort to encourage conversion of downtown commercial building second stories to residential use, the City of Victoria commissioned a study in 1992 which determined that such conversions were unprofitable in two of three cases without significant public subsidy. Indeed, the costs of seismic upgrading requirements alone was 21 - 35 per cent of total renovation costs. A 1995 study of existing programs in Edmonton, Regina and Saskatoon and owners of twelve Victoria heritage buildings found that while tax incentives would not have a major impact on financial viability, they would encourage some property owners to proceed with upper floor rehabilitation (Barber: 1998). As a consequence, the City recently approved an exemption of building taxes for up to ten years equal to the value of required seismic upgrading. Two projects in Victoria's Chinatown have recently been

approved for the maximum ten year exemption and others may soon be proposed (discussion with Steve Barber, Heritage Planner, City of Victoria, February 23, 1999).

With regard to onerous building codes, it should be noted that Seattle has given greater interpretive discretion to inspectors while codes can be established on an individual building basis in both Philadelphia and Boston (Gause: 1996). It would be useful to determine whether code relaxation has directly led to any problems or accidents in order to determine what type of relaxations should be permitted, as heritage preservation is not worth the price of physical injury or death.

4.5. The Significance of Heritage Properties and Districts

In considering the importance of individual heritage properties and whether they should be preserved, a survey and subsequent evaluation are normally undertaken, employing a variety of assessment criteria. These might include architecture (style, construction, age, architect, design and interior), history (person, event and context), environment (continuity, setting and landmark quality) and usability (compatibility, adaptability, public use, quality of servicing, cost of preservation, maintenance and/or interpretation and integrity (site, extent of alterations and condition) (Kalman: 1980). The relative importance attached to these criteria vary depending on factors such as policy and budgets. In addition, accepted theory as to what constitutes "heritage" may well change, as we have seen with increasing interest in the vernacular (Fram) contemporary architecture (such as the Modernist Burrard Street Vancouver Public Library, whose adaptation by Virgin Records incurred the wrath of heritage activists) and neon signs, once considered highly unattractive and discouraged by the City of Vancouver but now the subject of a municipal Museum exhibit. Additions and

modifications to the original structure, once considered unsightly and inauthentic, are now "to be retained as much as possible, as evidence of the passage of time and the contribution of subsequent users" (Kalman: 1980).

The evolution of the contemporary preservation movement has also brought heightened interest in the character of areas or districts of heritage value based on recognizable correspondences among buildings and properties. While many of the criteria are similar to the above, open spaces (as context for existing structures and as neighbourhood amenities) as well as vacant land for new developments are also considered. Boundaries of districts are significant as public perception and appreciation of their character are founded on geographical definition, a combination of factors such as physical situation, patterns of historical evolution, legal definitions of property and land use regulations and visual perceptions (Kalman: 1980).

The two types of Heritage Character Areas established by the City of Vancouver are:

1. those which rank highly for architectural and/or historic significance but lacking in coherence and consistency as a result of renovations and unsympathetic infill developments and
2. areas ranking highly in context and integrity although less significant from the perspective of historical associations or architectural expression (City of Vancouver *Heritage Register*, 1986).

To date, nine areas have been established.

4.6. Why Victory Square is Important

It is beyond the scope of this thesis to concisely make the case for preservation for each property immediately surrounding and including Victory Square nor to detail arguments why the neighbourhood should be designated a Heritage Character Area. In addition, much of this work has been done and as stated earlier, mere designation without the appropriate legal, program and financial backing is ineffectual. Arguments could also be made both for and against the inclusion of Victory Square into Gastown. Finally, and as stated above, the private sector must be convinced of the economic merits of preservation to the greater extent possible.

Notwithstanding the aforementioned, it is useful to briefly outline the neighbourhood and its buildings to appreciate the significance of the area and this author's motivations. Victory Square played a pivotal role in the development of the City from 1890-1950 and its decline marked some of the City's obvious economic and morphological developments. The diverse and important functions which the Square has fulfilled include commerce, law, publishing, defence recruitment, recreation, education, medical, postal, social, public demonstrations, transportation and the disbursement of welfare provisions. This section will describe the sequence of such functions and the buildings which have been demolished but contributed to the vitality of the Square in the past. A detailed discussion of extant buildings follows this sub-section.

Where Victory Square Park is located (see *Appendix IV*) once stood the Courthouse (erected 1888), at the corners of Hastings and Cambie and the first major public building outside old Gastown area (and original "downtown"). An old post card (Kluckner: 1984) indicates that the Courthouse was an attractive if somewhat

idiosyncratic three story Classical Revival edifice oriented toward Cambie Street and typical of Canadian administrative buildings of the era (Humphries and Sykes: 1974). The domed and attractive square building included a large front projected portico with second-floor pediments, a balcony and elaborate surrounds. The east side also included a pedimented frontispiece supported by pilasters which overlooked a somewhat truncated and uninspiring first floor wing, possibly an addition. Massive main stairs took visitors directly to the second floor, which featured arched windows, offset by the rectangular shapes of the less visible first. The Courthouse grounds themselves served as Vancouver's public square after the Great Fire of June 17, 1886, which had destroyed much of the Gastown area. It was here that citizens celebrated the British relief of Mafeking in 1900 during the Boer War (half a world away), and apparently lit a bonfire large enough to burn a hole in the wood-block pavement (Kluckner: 1993). The Square was also a site where the citizenry welcomed the Duke and Duchess of Cornwall and York (subsequently King George V and Queen Mary).

Where Milborne Realty is currently located at the corner of West Hastings and Hamilton originally stood the Inns of Court, said to have been an attractive four storey, turreted edifice fronting the Square and within several seconds walking distance of the original Courthouse. Of equal importance is that it is here where Lauchlan Hamilton, the Canadian Pacific Railway's Land Commissioner (as well as artist and municipal politician) commenced surveying land in 1885 in preparation for the City's incorporation in 1886.

The Main and Powell lines of the Vancouver Electric Railways and Light Company were extended to include Cordova and Hastings in 1890. The current Vancouver Community College site has been an educational one for more than a century as the

eight room bricked Vancouver High School was opened its doors here in 1893 (Ross). Vancouver's first permanent high school, it offered primarily manual training for boys and domestic science for girls. As early as 1893, however, the need was recognized for more advanced education and a significant affiliation with McGill University was undertaken. The edifice became known as Vancouver High School and College and offered the first two years of Arts and a university intermediate examination. (The University of British Columbia did not open until 1913). After being superseded by the newly built and larger King Edward High School in 1905, the building became used for various school and school board functions until 1936, when it became the Vancouver School of Art; thus, the City's effort to encourage the Victory Square area to become a cultural/educational/creative centre is historically consistent. It is important to note that the school site was chosen three of four times by plebiscite between 1914 and 1934 by Vancouverites as the preferred site of a new city hall, although the current Fairview site was the eventual choice (discussion with architectural historian, David Montyene, March 16, 1999).

Prior to the construction of the Dominion Building (1908-1910), the northwest corner of Hastings and Cambie was a popular arcade with thirteen shops and the greeting "Meet you at the arcade" was a common one (Kluckner: 1993). Bars were numerous and the streets were filled with bicycles; thus, the social function of the Square was considerable. The area also began to serve various other civic functions. The first properly established Vancouver Hospital was erected just to the east of the Square (where the City parking lot is now located) and immediately became overcrowded. Despite additions in 1902 the edifice soon became overcrowded and an appeal was made for funds to build a new general hospital in Fairview, which admitted its first

patients in 1906 (Kluckner: 1993). To the northwest side of the Square at 325 West Hastings was the main post office, which operated from 1888-1890. At the same time, an April 26, 1906 *News-Advertiser* story spoke of the City's responsibility for housing the old and infirm. Apparently even progressive politicians expressed their fear that a city-funded home for men in the Victory Square area would make Vancouver "the dumping ground for all the hoboes on the Coast" (McDonald: 1996). It is not evident that the such a building was erected.

The Courthouse was demolished just prior to WWI, upon completion of the new structure at the corners of Georgia and Hornby (now the Vancouver Art Gallery). By World War I the more northerly Cordova Street area had begun to diminish in importance as a shopping area and was replaced by the lower end of Granville and Hastings from Woodward's Department Store west. The area could apparently have been considered Vancouver's "Fleet Street" (Kalman *et al.*: 1993), given the proximity of the *Daily Province* and *Vancouver Sun* and *Vancouver News Advertiser*. An old photograph also indicates that a commercial printer was subsequently located in the basement of the Dominion Building (*Vancouver Flashbacks*).

During the duration of the War a large tent and marquee were erected on the Courthouse site and employed for army recruitment. The subsequent Depression years saw different public activity around the Square, as direct relief was provided to eligible citizens at the old hospital nursery referred to above commencing in 1931. Of the relief population, 6,958 were single men, 7,136 were married men and 601 were single women. Fourteen percent were classified as "transients" and 17 per cent as "aliens" (Kluckner: 1993). Each received a "hunk of meat and potatoes". An

Emergency Refuge and City Relief Clothing Store was also established to the east near Pender and Main. Mayor McGeer read the *Riot Act* on April 23, 1935 to disperse a huge rally of 2,000 unemployed and angry citizens assembled at the Square. In this regard, one account describes sites such as Victory Square and the Carnegie Centre to the east as "landmarks charged with a collective memory of conflict" (Hasson and Ley: 1996); thus, while such monuments instill pride in some, they evoke anguish for others.

Although the financial and business district of Vancouver had begun to move further west as early as 1914, the Victory Square area continued to be an important retail and social area until the early 1950s, by which time the focus of the CBD's activity had shifted almost entirely south to Georgia Street and westward to Granville and Burrard streets (Wynn: 1992). This trend was accentuated with the opening of Pacific Square in 1970. Indeed, pedestrian traffic in the VSCPA decreased by 60 per cent between 1981 and 1991 (VSCP: 1998). By the late 1980's, the area's decline became more dramatic with the closure of such stores as Eaton's (which had been Spencer's and became Simon Fraser University Harbour Centre), Field's and Woolworth's, both closer to Carrall Street. Nonetheless, the 1993 hardcover edition of Michael Kluckner's *Vancouver: The Way it Was* (first edition 1984: 54) optimistically noted that:

The only retailing firm to survive into Vancouver's second century is the Woodward's Department store chain Its Hastings and Abbott location has been a landmark to Vancouverites since 1902. The firm has attracted a loyal clientele, distinct from that of its eastern and American competitors, and in the past twenty years it has bucked the trend to move towards Georgia and Granville, and thus been a party to the rejuvenated Gastown.

Unfortunately, Woodward's closed its doors in January of 1993 and many considered this to be a definitively bleak moment for Victory Square.

It is worth noting that there is now little of the street and social activity which once took place. As already noted, traditional VSCPA residents fear walking down the 100 block of West Hastings due to the presence of criminal elements and the threat of other harassment. The major park activities are probably drug transactions and sleeping off hang-overs. It is generally not frequented by VCC students and even less by surrounding office building employees. The Cenotaph does, however, continue to serve an important role as the sight of the oldest annual Remembrance Day ceremony in the Lower Mainland, attended by those of all ethnic, social, political and economic backgrounds.

4.7. Victory Square's Built Assets

The City of Vancouver's Heritage Inventory includes seven of the ten structures described below. Those not included are the CIBC building, VCC and City parking lot. Curiously enough, the Square itself is not included in the Inventory, although one other non-structure is (the Central Median of Cambie Street Boulevard). Two buildings are also provincially designated as part of Gastown. A significant fifty four structures (or 42 per cent) within the larger VSCPA have been municipally designated. The Edwardian Classical office and retail buildings on Pender and Hastings streets are similar to those of the CBD and distinct from the culturally-influenced and greater mix of uses in Chinatown and the great number of original hotels and warehouses in Gastown. Given the somewhat less intricate internal design and floor plans of the latter, Gastown building have generally been easier to convert and thus better utilized and maintained.

In contrast, while the buildings immediately surrounding the Square are now being fairly well-utilized, those in larger VSCPA have deteriorated due to several of the factors described throughout this thesis including renovation costs, uncertain economic conditions, the level of crime, absentee or inactive landlords and building code requirements.

The park itself obviously remains the geographic focus of the Square. The failure to maximize the Square's uniqueness is lamented by the president of a local development company which has been active in the preservation of various heritage edifices (discussion with Paolo Pella, November 13, 1998). The cenotaph was erected in 1924 by the Southam family as part of the Square's rehabilitation and designed by G.L.T. Sharp. (The prominent Southams owned the Carter Cotton/*Province* building at 198 Cambie Street, to which reference will shortly be made.) The triangular shape of the obelisk (which includes a sword, laurel and poppy wreaths, helmets and Roman typography), reflects the shape of the park itself (Kalman *et al.*:1993).

While the Rogers block (c. 1895-6) is found at 301 West Hastings Street, just off the Square, it is included in this paper for several reasons. Firstly, it can be seen from most points of the Square. Secondly, it is of architectural interest, a well-finished Klondike-era commercial building combining rusticated granite string-courses and lintels with red brick. Irregular fenestration and luxurious glazing are achieved in the cast-iron mullions (Kalman *et al.*: 1993). Finally, it is home both to the contentious Cannabis Café complex on the main floor and artists living illegally on the second floor. Amongst other activities, the building has at various times been the premises of the private

Pacific Business College, Patterson Boots and Shoes and The King Photographic Studio, whose sign boasted of the "largest and best equipment".

Immediately to the east of the Rogers Block at 207 West Hastings, the Dominion Trust Building (architects J. S. Helyer and Son 1908-10) was the city's first modern skyscraper and briefly, the tallest structure in the British Empire, an important symbol of a burgeoning city's prosperity and modernity. Unfortunately, the senior Helyer fell during a site inspection, leaving his son to complete the project. Kalman *et al.* (1993) accurately commented that "the mansard roof wouldn't look out of place on Hausmann's boulevard". The superb terra-cotta exterior is capped by a scalloped cornice above a main entrance featuring two large Roman columns and Adamesque ornament. The exterior is in excellent condition and its prominence in the VSPCA is matched only by the *Sun* Tower at 100 West Pender Street. Of note is the fact that the height of the Dominion Building precipitated the Vancouver Fire Department's first purchase of an aerial ladder, another manifestation of a city's development.

Originally built for the Imperial Trust Company, it soon became headquarters to Dominion Trust, founded in 1903, with branches in British Columbia, the prairie provinces and Prince Edward Island. Active in the booming pre-war mortgage business, speculative lending practices and due to its ready access to considerable inexpensive British financial capital (McDonald: 1996). With the collapse of the boom and depreciation of real property values came the end of Dominion Trust. The building was sold in 1914 and was eventually occupied by the Bank of Toronto, which itself finally became the Toronto Dominion Bank, one of Canada's largest financial institutions. A branch occupied the building until the later 1970s. Thus, the building

represented the speculative "boomtown" investment of Vancouver's early days and mirrored the development of Canada's national banking institutions.

Across Cambie Street on the northeast side is the Flack block (163 West Hastings Street), designed by William Blackmore and built in 1899. The building owner, Thomas Flack, had made his fortune in the famous Klondike gold rush of 1898 and with the proceeds built this Richardsonian Romanesque block. This rock-faced stone and powerfully massed edifice housed the Japanese Mission from 1904-1907, when the latter relocated to Strathcona. Like the Chinese, Japanese immigrants worked in the resource industries and were the subject of considerable racial oppression. Unfortunately, the ornately carved round arch entrance and cornice parapet have been removed (possibly in 1948) and replaced by the current unfortunate first floor facade. Restoration would be feasible and appropriate (Kalman *et al.* 1993) while a sign by-law might also help stress the positive features of such restoration. The latter is Recommendation 1.7 of the VCSP.

On the north side of Hastings Street and west side of the Square (198 Hastings Street) is the Francis Carter Cotton building (architect A. A. Cox, 1908-1909). Carter Cotton, a former British diplomat, was the first of two members of the Legislative Assembly for Vancouver and the publisher of the *News Advertiser*, which was the first newspaper published in this building. He sympathized with the working- and middle- classes (in opposition to development-oriented politicians such as J.W. Horne and David Oppenheimer) and fought for such causes as regulated or public ownership of utilities and against the politically-charged eviction from and demolition of socially-marginalized Burrard Inlet and False Creek shack-dwellers (McDonald: 1996). Stone trim and

arches decorate the brick facade while the ground floor brackets and decorated parapet are attractive features. Unity is provided by the frieze running between the second and third stories, punctuated with small terra-cotta lion heads. This Edwardian Commercial complex subsequently housed *The Province's* publishing office, which was joined in 1924 to the printing plant (the Edgett Building) to the south by a marvelous bridge/colonnade.

Both the design and enormity of the Carter-Cotton/Edgett complex provide much of the Square's definition. As stated earlier, the Edgett Building was recently restored under the supervision of Peter Busby and Associates by the Architectural Institute of British Columbia (AIBC). Activities during the building reopening demonstrate the existing tensions in the neighbourhood. While accurate and painstaking restoration is pleasing to heritage activists, architects and the design community, urban low-income housing proponents protested the "distinctly upscale looking building" and lamented the inevitable gentrification of Victory Square, which they perceived the restoration to represent (*The Vancouver Courier*, June 17, 1998).

Occupying the south side of the Square is the City Centre Campus of Vancouver Community College (VCC) at 250 West Pender Street, built on the site of the above-mentioned Vancouver High School and College. The architects of the current building were Sharp and Thompson, Berwick, Pratt (1948-49), a firm which in various permutations is responsible for dozens of important public buildings in the Vancouver area, including the Dal Grauer BC Hydro Substation and UBC War Memorial Gymnasium. International in style, this edifice features strip windows and stucco spandrels contrasted by red brick walls producing clean lines characteristic of the style.

"Some Bauhaus-inspired elegance remains" (Kalman *et al.*: 1993), although the structure has been modified several times.

At the southwest corner of Victory Square stands what was once known as the Lyric Theatre at 300 West Pender (1906) (also known as 505 Hamilton), subsequently housing the Community Chest, sail manufacturers, Wrigley Directories, the Oddfellows and today, a veterans association branch and an acting agency. The architects were Hooper and Watkins, who also designed the notable McClary Manufacturing Company Warehouse at 305 Water Street, the B.C. Permanent Loan Company at 330 West Pender (occupied by the Bank of Canada from 1935-66) and the Winch Building, now part of the Sinclair Centre. The Theatre is a solid Richardsonian Romanesque complex in some disrepair with boarded windows which has suffered somewhat savage alteration including removal of its cornice but could be appropriately restored. According to Kalman *et al.*, "[I]t terminates a streetscape of enchanting period serendipity, with small businesses as varied as the architecture of the 300 block of West Pender Street" (1993).

The building to the immediate north of the Lyric Theatre across Pender Street and to the west of the Park on Hamilton Street (505 Hamilton/300 West Pender) was listed in the 1908 *City Directory* as the *News Advertiser*, which had moved from its former location at 198 Hastings with its publisher, Henry Carter Cotton. It is a large and well-built structure not unsympathetic to its neighbouring Edwardian buildings, although its current exterior paint-work is neither attractive nor authentic. In 1942, the Greek immigrant, Ted Pappas, established a furrier store cum-manufacturing plant, as Victory Square was still then a very fashionable shopping area.

To the north of Pappas Furs at 300 West Hastings, the structure which replaced the Inns of Court was undertaken by Dominion Construction in 1959 for the Canadian Imperial Bank of Commerce at a time when "banks [had] abandoned their trusted neoclassicism after the war and paddled towards the shorts of modernism and the international style (this building is a modest example)" (Kalman *et al.*: 1993). Of pre-cast panels and polished red granite, the edifice features substantial glazing at the entry with large aluminum mullions. This two storey rectangular building has a concrete frame and the exterior walls are of smooth stucco. After a considerable period of vacancy, the building was purchased by Milbourne Realty in 1996 as their headquarters. Due to changing market conditions Milbourne is transforming itself as part of its new strategy will probably vacate the CIBC building. The entrance now faces Pender Street, reflecting commercial decline of the Square itself.

4.8. Maximizing Heritage Assets

One issue which frequently arises in downtown revitalizations is how to "catch" the customer's eye without damaging the commercial viability of stores of the physical attributes of the buildings and streetscapes (Fulton: 1985), which would largely defeat the purpose of restoration. Matters of legibility, scale, number, layering, orientation, target and mass production must all be addressed. A regulatory approach tends less to promote good signage than non-offensive, often depriving a street of its original vitality (Fulton: 1985). Consensus building which includes direction and consistency is often preferred and may necessitate the establishment or delegation to an existing design review board.

A second challenge which must frequently be met is the need for sensitive infill buildings where heritage landscapes have critical gaps or when existing buildings need to be demolished for aesthetic, safety or appropriate economic reasons. An *integrated* approach can range from a simple acknowledgment of the colours, forms, materials, details and sizes of its neighbours or more significant attempts to closely approximate (Hyndman and Fulton: 1985). Clearly, the elements used would vary according to specific circumstances. The latter approach is not universally applauded, however, as Fram argues that “[n]ew work should be clearly distinguishable from old in a manner that gives both dignity while not impairing the building’s historic fabric” (1992). The antithesis of integration is *contrast* with adjacent buildings, which is normally less desirable. The *precarious* approach creates a temporary structure for an activity which may be of limited duration (such a farmers’ market) and often affords designers “the opportunity to have a little fun with the local architectural vocabulary” (Fram: 1992).

A popular although generally unsuccessful technique of the 1970’s and 1980’s was to insert “*invisible*” structures of mirrored glass, reflecting their surroundings while little impact upon the street itself. *Burying* a building underground removes its bulk from the landscape and can be expensive. The *analogous* approach recreates certain aspects of the surrounding environment while introducing other modern touches elsewhere. While this technique emanates from a desire for both continuity and differentiation, it can result in a “schizophrenic” building which does injustice to the neighbourhood. Clearly, the success of any approach depends upon the skill and appropriateness of the action taken.

VanCity Place for Youth at 326 West Pender and immediately adjacent to Victory Square is an excellent illustration of sensitive and unique infill. This building has been erected on two mid-block lots wedged between two heritage buildings, the Lyric Theatre described in the previous sub-section and the pedimented, Beaux Arts former BC Permanent Loan building. The result has been described by prominent architectural critic Robin Ward as "a building so good that it deserves to become a case study for all architects on new buildings in the historic area" (*Vancouver Sun*, January 7, 1998). According to Ward, architect Nigel Baldwin has given the building a personality of its own yet respected the adjoining structures, responding to their scale and texture but not style. The streetscape's wide variety of styles provided Baldwin with room to manoeuvre, enabling him to include brick-banded pilasters and a stone coursing effect on the ground floor as well as an industrial-look metal sidewalk canopy (particularly useful in Vancouver's frequent rain) and punched-metal screens having the appearance of Parisian window-set balconies.

4.9. Implications for Victory Square

Although strong non-economic arguments can be made for the preservation of one or all of the structures in Victory Square, whether one accepts these is ultimately a matter of personal taste and philosophy. While it is also correct that there is no definitive and substantiated information concerning the costs and benefits of conservation in the Canadian or any other context, is it not the case that we are subjecting preservation to a far greater level of scrutiny than the traditional and often unquestioned "raze and build" paradigm? Given that each building is unique, that levels of intervention, market conditions and municipal policies will all vary, is it even realistic to derive generic formula or multipliers? In times of competing and perhaps equally valid demands for

decreased public funding, those favouring preservation will be increasingly dependent upon private sector developers and partnerships.

At the same time, If private developers are to further the cause of preservation, it will be on economic terms; thus, public policy should not work to their disadvantage. Preservation should not be penalized through higher assessment values until reasonable returns on investment are realized. Building and seismic codes should be liberally interpreted while some scope should be made available regarding authenticity. Where additional incentives are required, the precedents of other jurisdictions such as Victoria and Edmonton should be examined and where appropriate, adopted. Most certainly, they should not have unintended and distorting effects as is the case with Vancouver's transfer of density by-law.

Although heritage conservation activities are often viewed as precursors to gentrification, particularly in light of the fact that few low income units are set aside for the long-term population, this industry can be a positive force, creating youth employment, social housing and commercial space. This is the thrust of the West Coast Community Renaissance Proposal, a broadly-based community partnership involving primarily DERA and secondarily the Tradeworks Training Society, the Vancouver Native Housing Society, the City of Vancouver, the Greater Vancouver Housing Corporation, Britannia Schools and the Environmental Youth Alliance (*Proposal Brief*). Formed in 1997 in response to a Heritage Canada and Cultural Human Resources Council initiative, this coalition has applied for training and youth employment funding from Human Resources Development Canada (HRDC) while other necessary funding would become available through the partner groups. Since

the application was made, three buildings have been bequeathed to DERA: the Portland and Metropole hotels and the Meatmarket Restaurant building (formerly the Boulder Hotel). The first is an SRO hotel located in the VSCPA while the latter two are nearby in Gastown. The intent of the project is to create term entry-level employment for youth between the ages of 17-25. Program participants would be provided with appropriate skills training under the supervision of "ticketed" tradespeople with teaching credentials. Upon completion, the housing and commercial spaces would become the responsibility of a community based non-profit housing and property management group.

In general, the proposal seems strong, with potential benefits for much of the community. The age group identified is particularly important as they are considered at "high risk" from a social work perspective. The possibility of developing a core of community-based heritage building tradespeople to undertake further such work in the future is tremendous. Unfortunately, this author believes that when/if the HRDC and other necessary funding is secured to enable the project to proceed, friction may develop between coalition members, reminiscent of that described in Section 2.2. It was clear during research interviews that DERA was not fully sharing information with other coalition members while its ownership of the buildings clearly puts it in an advantageous position.

CHAPTER 5: WHERE DO WE GO FROM HERE?

5.1. Thesis Objectives

The previous chapters of this thesis have explored quite diverse but related and critical elements pursuant to the five stated objectives pertaining to the economic rejuvenation of Victory Square. It is now appropriate to summarize principal findings, examine whether the objectives have been met and make constructive recommendations with regard to policy and research.

5.1.2. The History of Victory Square

This author has proffered a somewhat distinctive historical perspective, in suggesting that while the VSCPA's built heritage may differ somewhat from that of Gastown, in other social, economic, political and historical aspects, these two neighbourhoods have much in common. This author has concluded that this differentiation can be both helpful in and counterproductive to, meeting the VSCPA's challenges. In the same vein, this author has illustrated that the VSCPA has been treated less favourably than other inner city neighbourhoods by the City, a situation which has contributed to (although is not solely responsible for) its decline and current state of neglect and poverty. Reasons for this may include a combination of happenstance, deliberate efforts to marginalize the low-income population, the fractious nature of the Downtown Eastside's oppositional politics, the conventional development approach of current and past Councils and City staffs and "planner paralysis" resulting from all of the aforementioned. Victory Square's predicament is by no means unique to Vancouver, but can be observed throughout North America.

5.1.3. The Built Environment

Secondly, arguments have been presented with regard to the historical, social, economic, political and civic importance of Victory Square and each of its built structures. Evidence has also been offered that heritage recognition and preservation has provided a stimulus in the rebirth of other North American communities, from which both positive and negative lessons can be derived. In the case of Victoria, the downtown waterfront area did not have the same long-term low-income population and rehabilitation has focussed on the middle class and leisure activities with apparently little public opposition. Some significant restoration was achieved. While Gastown has successfully preserved a significant heritage stock, it has enjoyed only limited success from both the commercial and low-income residency retention perspectives. Although the Yaletown effort did result in major heritage renovations, it quickly became too expensive for both low-income groups and much of the creative design business community.

5.1.4. Economic Arguments for Preservation

The third objective of this thesis was to determine the role which heritage conservation can play in the economic rejuvenation of Victory Square. This author determined that while there are no data which unequivocally demonstrate the economic effectiveness of preservation either from a developer's or community perspective, neither is it realistic to expect that generic formulas or multipliers could be derived. This is because each situation is unique with its own particular circumstances. It is clear from selected examples that heritage preservation can play effective roles in community revitalization with regard to job training and creation, tourism development and a fostering a sense of pride and well-being.

There are some minor appropriate and non-intrusive actions which can be taken by the private or non-profit groups in the short term to help convey an area's unique and identifiable characteristics. The Gastown heritage plaque program was recently honoured by the City of Vancouver for its unique collage of photographs and facts mounted on relevant buildings. Such a program should also be undertaken in Victory Square. Similarly, while there are frequent walking tours organized by various groups of Gastown or Chinatown, for example, few venture into the Victory Square area. Although this is understandable in light of the current drug, transient and safety problems, it is an activity which should be considered in the longer term. Benefits could include hiring local residents or training community volunteers to be guides, thus

While few retail businesses see heritage conservation as a short term benefit, a greater number believe that related efforts may be efficacious in the longer term. All building- and business- owners should be made aware of the potential benefits as these become clearer in the event that greater group or individual action is contemplated. The interest in the built environment expressed by the applied design and creative services sub-sector suggests that policies or actions which encourage this industry to locate in the VSCPA would help ensure the maintenance of its heritage buildings.

5.1.5. Other Community Economic Development Strategies

The fourth aim of this thesis was to provide various strategies to promote community economic development in the VSCPA and to recognize and cope with the potentially rival developments in surrounding areas such as International Village. Before making such recommendations, it is useful to summarize and elaborate upon the present situation. From a broad perspective, there may be some grounds for optimism

regarding business cycles. As there is no durable manufacturing in the area and current economic activity suggest an increase in producer services, retail and education, it is possible that shocks from future economic troughs may be less pronounced, although not necessarily the plight of its poorest residents until their condition is improved.

General guidelines have been enunciated by various authors with regard to designing successful downtowns. While this is not a design-focussed thesis, these are worth brief reference and commentary, although each situation is unique and must be evaluated individually. Mixed-use developments are favoured while blank walls and inward orientation are to be avoided. Successful retailing normally requires maximum visibility, accessibility and security, accompanied by a strong retail mix. An obvious sense of place and positive setting for pedestrian activity are desirable. Public sector involvement may well be called upon to garner community consensus and political support for projects, provide dollars for market testing, parking structures and perhaps facilitate land assembly (Paumier: 1988).

In determining the applicability of the above guidelines to Victory Square, the setting naturally provides a superb sense of place. Given the heritage qualities of the buildings, there is clearly little that could or should be done in terms of major alterations, while garish advertising should be avoided. In light of the requirement to meet the needs of various income groups, competition from surrounding retail areas, limited space and the desire to create more of a neighbourhood atmosphere, it is neither feasible nor appropriate to have too broad a retail mix. Whatever minimal retail activities are possible should focus on the ground level and be continuous as

much as feasible so that pedestrian activity is encouraged. Security is one of the VSCPA's major problems. As noted earlier, public financing is no longer easily available.

5.1.5.1. Retail Activity

Retailing can play an important economic role (although probably secondary to creative design/education/culture) in the VSCPA's rejuvenation, but only if its dynamics are fully understood by the private sector and City planners and an appropriate strategy judiciously formulated. In order to increase retail activity, three significant options (or a combination of these) are available, including a segmented, spatial/niche strategy, catering more actively to the tourist population and increasing the VSPCA residential population. At present, retail/restaurant activity in the Victory Square is found only at the Bassix recorded music store, the Cannabis Café/Hemp B.C and those subsidized services (e.g. butcher, bakery and hair stylist) available at Vancouver Community College (although the latter are not advertised at street level). Increasing retail activity in Victory Square as currently configured would present some difficulty. The only space currently available is the ground floor in the Dominion Building, once occupied by the bank of the same name and lastly by a jeweller. An increase in the population and economic activity of the Square would certainly increase the likelihood of this space being rented, while retail activity might well be feasible (although currently not envisaged by its current owners) in the ground floors of the Carter Cotton and Province buildings. Surrounding the City Parkade with retail activity, renovating the Lyric Theatre and including retail in an adapted CIBC building may all be possible.

The pawn-shop and cheque-cashing facility currently located in the Flack block are somewhat problematic. While they represent retail activity and often cater to low income residents, they do so in a negative manner. The former are often income sources of last resort while the latter charge exorbitant rates to those with insufficient income or standing to open bank accounts. Others may be unwilling to walk the considerable distance necessary, given that all registered banks have now left the VSPCA and Gastown.

This author's 1998 survey of the -300 and -400 blocks of West Hastings Street portrayed a retail and business community which is somewhat divided in its approach toward the future. While some of the older businesses consider themselves part of the CBD and see their future tied to their traditional activities, the greater majority are appropriately focussing their activities increasingly on the growing educational/cultural/creative market. There appears to be little current substantive agglomerative relationship between the West Hastings businesses within the 1998 study area and those of the CBD. The majority of establishments are independently operated and small in scale due primarily to space limitations and limited clientele. The West Hastings businesses have proven surprisingly resilient during Vancouver's period of economic consolidation, despite grave problems east of Victory Square and have considerable confidence in the future. The latter appears well-founded as few have shut their doors since the survey while a larger number have opened. Many other sub-neighbourhoods in the VSCPA, however, continue to stagnate while crime and illegal activities predominate.

Within the larger VSPCA context, there is obviously considerable existing space for more retail activity along both Pender and Hastings streets outside the Square. Of major significance is the fate of the Woodward's building. Although Fama Holdings has an option for development, their plans are uncertain due to the provincial government's decision not to provide the financial assistance for the provision of low-income housing promised by the previous Premier. Without the latter, the original project is apparently financially impossible. This author believes that an entirely market-rate housing project would overwhelm the low-income traditional population and speed the process of gentrification. The Woodward's property is so large that considerable commercial activity would likely be required on the first floor to make it viable.

As stated earlier, existing businesses have an advantage over potential activities. In conjunction with the fact that the rental and other operating/overhead costs of the sort of establishments currently found on the -300 and -400 blocks of West Hastings Street businesses are generally lower than the up-market retail chains of CBD and of those likely to become tenants of Portside and International Village, a continuing emphasis on smaller neighbourhood businesses may prove successful.

In the immediate term, increasing focus should be placed upon the growing student and creative design populations, recognizing that both these groups are primarily daytime and work-week inhabitants who will continue to commute from elsewhere. Restaurants, cafés and clothing, book, recorded music and arts/graphics supply stores will be in increasing demand. If the City proceeds with its intention to increase the residential population of the area (which this author recommends), this will likely add a more affluent, professional market of singles or childless couples who are prepared to

pay more for higher quality, convenience and service than low-income residents. In addition to the retail and service needs described immediately above might be added food-stores, dry cleaners, gourmet-food-to-go, video stores, financial institutions, a private fitness centre and postal outlet, for example. Given the very small potential space available for retail and services (unless the Woodward's complex is redeveloped to meet these needs), such establishments will necessitate segmented or spatial-niche approaches, as opposed to market share or discounting. This more "neighbourhood" concept would certainly be consistent with what Foot (1998) envisages. As it is obviously difficult to determine how many new residents with greater disposable income would be required to attract new businesses for such a market, market analysis and disclosure of the City's retail plans are indispensable.

5.1.5.2. Tourism

This author believes that limited tourism should be promoted in the VSCPA, subject to several principles. Firstly, tourism should not be an end in itself, but rather a secondary activity derived from primary neighbourhood functions such as residential, creative design, education and retailing. Among other objectives, this would help protect the VSPCA from seasonality and economic downturns. Secondly, the VSCPA must assess its own identity, lifestyle and environment and determine what its cultural assets are in order to maximize originality and diversity from other tourist destinations (McNulty: 1986). In this author's view, the Square itself, surrounding built heritage and creative design/educational and cultural assets are those most worthy of attention. There is no need to add cinemas, theme parks or video arcades/"total experience" malls such as the West Edmonton and Bloomington, MN Mall of America and which Burnaby's Metrotown with its Playdium appears to be trying to emulate. Thirdly, the VSCPA's

VSCPA's heritage assets must be conserved for daily use and economic return (thus ensuring the maintenance of a building) rather than becoming a stale, cut-off pedestrian "museum" as has been the case in Bristol, England. The experience of the latter demonstrates that "[a] precious environment will not be preserved if its economic use cannot conserve its real value to local society" (Parfect and Power: 1997). Fourthly, care must be taken to avoid "milking the tourism dollar to the point of diminishing returns to the local population", where the local population is overwhelmed by outsiders, the quality of authenticity disappears and eventually, the tourists (Brandes Gratz: 1994). Fifthly, local residents must be constructively involved in both planning and eventual employment, thus ensuring their identification with and participation in such activities, which in turn may help reduce problems of theft and abuse of tourists. Sixthly, the industry should be developed slowly and deliberately, both to avoid overwhelming the neighbourhood and to ensure that it is able to weather the inherent instability of the industry (McNulty: 1986). Finally, it should be recognized that tourism's employment generation profile embodies more jobs at the lower levels than applied design and creative services, for example, although to be sure some professional and administrative positions can be anticipated with tourism.

5.1.6. Job Creation Benefitting Local Residents

While certain ethnic minorities in the DE such as the Chinese have generally excelled, newer groups take some time to adjust. In addition, persistent under-employment among the long-term less-educated Caucasian residents coupled with an increasing number of unskilled transient youth and native Canadians continues to lead to many social problems. Care should be taken before extrapolating Immergluck's employment

data results to the VSCPA. While many of the same conditions are present, one analysis with only moderately positive results should not be interpreted as definitive.

Although it could be argued that for many long-term VSPCA residents, unemployment is an insurmountable obstacle (e.g. structural" as opposed to "seasonal" or "cyclical"), the greater problems may be lack of relevant training or education and marginalization due to aboriginal origins or youth. The cost of providing social and other forms of assistance to these groups has probably been high, although this has never been specifically calculated. If residents could be helped to increase their skills, education base and experience (as this author will subsequently describe), some of these problems could be overcome or at least diminished. At the same time, any policies and programs which are devised and implemented should foster independence rather than chronic welfare dependency.

As this author's 1998 study indicated, few West Hastings Street businesses directly employ residents of the VSCPA/Downtown Eastside, although all study respondents indicated that they would do so if the opportunity arose and the applicants were qualified. As many of the VSPCA local residents are older, have been out of the work-force for extended periods of time, have inadequate training or experience, lack self-esteem, and in some cases are substance abusers or involved in criminal activity, this is not entirely surprising. At the same time, given that those residents interested and capable or attempting to break the vicious cycles of their lives do enroll in job preparation/training programs which include such matters as self esteem, appearance, responsibility and the employment application process, this suggests that some business owners have not been entirely consistent in their hiring practices. As retail

businesses do not normally require highly-skilled employees and many job-training program applicants are required and able to beat their substance addictions (discussion with Richard Saunders, BladeRunners Partnership, November 4, 1998), a greater number of long-term residents should be given consideration for employment.

As indicated in Section 2.2.2, few West Hastings businesses sub-contract for services such as general building maintenance, painting, cleaning or bookkeeping. Such skills are offered through various facilities such as Vancouver Community College and many local residents are capable in these occupations, thanks to financial assistance for tuition from the British Columbia Ministry of Human Resources. Indeed, DERA has formed a maintenance group to look after five buildings under its auspices and has also secured outside contracts.

Greater emphasis should be placed upon the training and preparation of Vancouverites in information technologies (informatics) generally, both as a means of employment generation but also because strengths in this area will help inner cities recapture development activity from the periphery. Hutton has already argued that information technology is an important facet of Vancouver's post-Fordist economic activity (1998) while another expert has observed that the VSCPA is ideally positioned to profit from this situation as adding data networking and fibre-optic cabling would be quite simple as part of the renovations already necessary to render the large heritage building stock functional (*The Vancouver Courier*, July, 15, 1998). Some analysts have suggested that online consumer sales could reach \$20 billion by 2000 in the U.S. alone, an increase of 233 per cent over the 1998 estimate of \$6.1 billion (*Time*, July 20, 1998). A profile of current American online shoppers provides a media age of 33, an average

household income of \$59,000, 59 per cent single, 57 per cent with college degrees and 30 per cent professionals (*ibid.*). This suggests a young, affluent, upwardly mobile target group with considerable disposable income.

Wilson argues that while previous inner city redevelopment efforts have failed because of the high cost of creating and maintaining inner-city businesses, the "point and click" interface of the new economy makes education and workforce training much more easy and effective (1997). A recent U.S. study focussed on Greater Seattle identified several "hot" jobs in the computer market itself, including micro-computer support specialist and computer-repair technician (*Vancouver Labour Market News*, Issue 3, March 1998). The former is considered at the lower end of the training spectrum while the latter requires electronics training, both of which are offered by the VCC City Centre campus. While Vancouver's labour force is evolving to meet the needs of high technology employers, many related jobs go unfilled while some companies recruit from India and Russia to meet their needs. Victory Square area residents with minimal education and little experience can and should, therefore, be trained in data entry, manipulation and management, all skills marketable at reasonable wage rates. Those who embark upon careers in this sector will, however, also require job-readiness programs relating issues such as self-esteem and personal financial management as well as continual skills upgrading in the face of constantly changing technologies.

As indicated earlier, there are a considerable number of major infrastructure developments under construction (such as International Village) or being contemplated, including Portside and perhaps in the longer term, the Woodward's property. While Portside has come under attack from a wide variety of groups relating to gentrification

and affordable housing, design, park and heritage issues as well as possible cost-overruns (Carnegie Community Action Project, *1998 Report Card*, *Vancouver Sun*, January 3 and July 15, 1998, *DERA Newsletter*, December 1977 and *Westender*, December 4, 1977), it should be noted that the developer, Greystone Properties, has demonstrated a good "track record" in hiring local residents for its projects. With regard to Portside, the company anticipates hiring 35 apprentices during the construction period (of 100 full time positions) and staffing 116 training positions when the development is operational (of 750 full-time hotel positions) (*Comprehensive Development Agreement Application Resubmission*). With regard to the construction apprenticeship positions, Greystone will work in tandem with the BladeRunner Partnership Program, which provides employment disadvantaged youth (19-28) with work experience and training in construction and related trades within their community or nearby. (It should be noted, however, that as there are currently funding issues relating to this project, these terms may change.)

The BladeRunner program recruits individuals from pre-employment training programs and matches them with placements on private sector and public construction sites. Most participants have come from abused or neglected backgrounds with little or no employment skills. The program provides wage subsidies (with funding assistance from the Build BC Special Account) of \$3 per hour to companies, up to a maximum of 1,190 hours (7.5 months). On average, eight months is enough to guarantee one year of employment and most participants move quickly into the work force (*The BladeRunners Partnership: From the Streets to Apprenticeships*). Greystone has been involved with the program since 1995 and hired participants in its Collingwood Village, Arbutus Walk, SeaStar and Emerald Park Place projects in Vancouver and the

Harbourfront Theatre in Nanaimo. Unlike the negative reaction from the film unions discussed in the next sub-section, the building trades have been very receptive to this program, perhaps at least in part due to the charismatic nature of one of its founders, Jim Green and the fact that the program is administered by a small team with extensive construction experience. In addition, all participants must have overcome any substance abuse problems from which they may have suffered, due to the potential for job-site accidents.

Greystone deserves great credit for the efforts it has taken to employ young "at risk" workers. In this regard, the City should consider making it a policy of requiring more major developers in the Central Business District and Downtown Eastside to agree to hire local, low-income residents as part of the public benefits package which the City normally negotiates. It is useful to note that the economic development agreement between Star of Fortune Gaming Management and the City of New Westminster includes local hiring guarantees regarding the proposed floating casino (*Vancouver Sun*, December 7, 1998). While this author does not believe that gaming is an economic development strategy which should be pursued (particularly in the VSCPA), that is beyond the purview of this thesis.

Related to discussion of the applied design and creative service sub-sector is the growth of the film industry in Vancouver. Vancouver is one of the most active site locations in North America, while the province's industry leads Canada in total production growth, with nearly 11,000 workers, 40 sound and effects stages, a range of state-of the-art-production facilities equipment and many ancillary services and companies. If one includes spin-off activities such as catering, the total employment

level rises to 25,000. These figures could double in the next ten years, expanding to over \$1.5 billion in production. (*Vancouver Labour Market News*, Issue 4, September 1998) In 1997, more than 160 film and television productions were shot in B.C., the vast majority in the greater Vancouver area. The reasons for this success include lower production costs than in Los Angeles, the low Canadian dollar, the city's wide variety of location sites, easy access routes to Vancouver from Los Angeles and other points of origin and Vancouver's well-trained TV and film crews. In addition, American producers claim that Vancouver has some of the most "shootable" alleys in North America (McNamara: 1997), and there is no shortage of these leading right off Victory Square. The Downtown Eastside has already been the site for such diverse productions as *Mr. Magoo*, *The X-Files*, *Jumangi* and *Hard Core Logo*.

The potential benefits of an expanded industry to the Victory Square population could be substantial. Firstly, residents could, at minimum, be employed as "extras". While the wage is normally minimal and hours uncertain, no training is required. Meals are normally provided, which would be of great benefit to much of the local population. It is encouraging that the Vancouver Film School, located within a block of Victory Square, has designated three of six new scholarships for residents of the Downtown Eastside. Given the School's 80-90 per cent job placement rate, it is likely that local residents will benefit from this. These scholarships will help recipients become a more integral part of the film industry and, in turn, bring the Film School closer to local residents, thus potentially reducing safety threats to current students. The continuing advancement of other basic skills among local residents including carpentry, culinary skills and graphic design (which are offered at the Vancouver Community College City Centre Campus) could enable local residents to be involved in spin-off film industry employment such as

catering, sets, editing or security. Secondly, while the School has said that it wants to give "something back to the community" (*Vancouver Sun*, February 20, 1999) its efforts are also aimed at reducing criminal activity in the area as its students have been subject to physical harassment and theft.

DERA recognized the potential benefits of this industry with the establishment of its Community Liaison Service in 1993 in conjunction with the City of Vancouver/s City Film Office, the Special Events Division of the Vancouver Police Department and the B.C. Film Commission "to promote and maintain good relations between the most filmed neighbourhood in the country and the film community". (DERA CLS, *Helping you get the job done in the Downtown Eastside*) Unfortunately, the motion-picture unions have indicated that unemployment in their own ranks is so high that it would not be possible to establish apprenticeship/entry positions, unlike major development projects (conversation with Frank Gilbert, Community Affairs Coordinator, DERA, May 26, 1998). This author believes, however, that it would be difficult to argue that unemployment in the film industry is any worse than in the building sector (whose more credible record has been described above).

Finally, the sight of low-income residents wheeling shopping carts down affluent residential alleys and in the VSCPA searching for recyclable products is a common one. Scavenging, as distasteful as some might consider it to be, provides "binners" or "dumpster-divers" with at least a small level of income (on average \$4 daily) to supplement income assistance and promotes dignity and friendship with various businesses from whom they collect and sometimes receive snacks (*Westender*, October 22, 1998). Bidders also find articles which they may be able to barter, sell or

use personally. From a societal perspective, binners provide an enormous and low-cost service in collecting solid-waste for recycling. Of approximately 140 recycling depots in the Lower Mainland, The United We Can depot on Cordova Street (which began as a one-day outdoor site in Victory Square in 1991) is the most active. During its first year of operation, the depot recycled over four million containers and generated in excess of \$300,000 in revenue.

In the fall of 1998 the provincial government expanded the refundable-container deposit to include all glass, aluminum and plastic refundable containers with the exception of milk. At the same time came a drop in price, which means binners must walk or cycle further and carry heavier loads to make the same income. A second potential threat to recyclers is the City's intention to commence apartment recycling. Until now, the absence of such a program has been a boon to binners as they have had no competition and were free to scavenge dumpsters. Small firms have already voiced their concern that they will be put out of business by larger companies more likely to get City contracts due to economies of scale (*The Vancouver Courier*, May 10, 1998). Independent binners, on the other hand, often work early or late in the day and on weekends between normal pick-ups. Indeed, as many apartment dwellers make no current effort to recycle, the new requirement may give binners greater access to recyclable materials, unless the City outlaws such action or recycling companies somehow work with apartment managers to make the materials inaccessible.

5.1.7. Increasing the Local Residential Population

The need for significant downtown population was recognized by William Whyte Jr. more than forty years ago. In response to the reckless and destructive downtown

redevelopment programs begun in the United States during the 1950's, Whyte opined that:

[t]he rebuilding of downtown is not enough; a city deserted at night by its leading citizens is only half a city. If it is to continue as the dominant cultural force in American life, the city must have a core of people to support its theaters and museums, its shops and its restaurants-even a bohemia of sorts can be of help. For it is the people who like living in the city who make it an attraction to the visitors who don't. It is the city dweller who supports its style; without them there is nothing to come downtown to (*The Exploding Metropolis*, 1958 in Jacobs: 1961, 223).

The VSCPA's lack of residential population is problematic given that all but one of the buildings on the Square are commercial or educational. The treatment of commercial work/live space as "other than residential" is indeed recommended in the 1998 *Victory Square Concept Plan*, as already noted. Such action would likely facilitate a more active role in the community by these artists, greater space for the low-income population and help ensure that second storey space on Hastings Street is rented.

A second method to add residential population to the Square would be to adaptively reuse or demolish the Canadian Imperial Bank of Commerce (CIBC) building on Hamilton Street to provide mixed residential housing. This building is not on the Heritage Inventory and there are several similar banks in the city. In the event that demolition of the CIBC building is considered, the somewhat stark contrast of both the modernist VCC and tall Dominion Building might preclude rigid new design criteria as long as long as a balance is struck whereby the existing overall character of the area is

not prejudiced (Parfect and Power: 1997). Approaches toward sympathetic infill have been highlighted in Section 4.8.

If some of the heritage buildings in the VSCPA are converted and restored, other income groups will be encouraged to move in only if the problems of physical safety, theft, and neighbourhood appearance are adequately addressed. While this thesis has outlined and critiqued some of the related initiatives being taken in this regard, it may be that the creation of a larger residential population will in itself help to overcome some of these problems. Influential urban theorist Jane Jacobs has suggested that one of the qualities of successful streets or neighbourhoods is constant "eyes on the Street" belonging to its "natural proprietors", whether they be residents or grocery store owners (1961). According to Jacobs, such benign surveillance ensures the safety of residents and strangers. Sidewalks must also have continuous users to add to these "eyes" and induce people in the buildings along the streets to watch the sidewalks. While Jacobs perspective may appear simplistic, this author does not doubt that the current absence of such "natural proprietors" in Victory Square means no one takes ownership of the area, discourages illegal activity or reports it to the police.

5.2. Can Gentrification Be Avoided or at Least Mitigated?

The fifth main objective of this thesis was to examine whether gentrification is inevitable in any economic rejuvenation process. If the employment fields suggested above were followed up, many current VSCPA residents would benefit. While it is hoped that other efforts to increase economic activity in the VSPCA would include raising the income of all local residents (and be one of the initial objectives), one cannot assume that this will be the case, nor would such change occur immediately. While this author's discussion

of the Victoria, Yaletown, Gastown and Pioneer Square experiences has not proven that the negative aspects of redevelopment can be entirely avoided, this author does not believe that this is any reason to avoid attempting to mitigate such effects.

Any increase in up-scale retailing would likely boost rents and may drive the few current businesses catering to the low-income population out of the area. Consequently, City planners and the community-at-large must be cognizant of the need to ensure a variety of retail forms, including those geared toward lower-income residents. There are currently two larger and legitimate businesses which cater to the low income population east of Cambie Street on West Hastings, Save-on-Meats and Army and Navy Department Store. The majority of other businesses are those serving a different market to the west of Cambie Street or the illegitimate operations described in Section 2.2.3. Immediate need has been expressed for an alternative food store, bakery and second hand furniture outlet (discussion with Frank Gilbert, DERA, May 26, 1998) and some effort should be made to provide these, perhaps through current foundations or agencies or variations on the American Community Development Corporation described in Section 2.16.

Both the positive and negative consequences of government intervention have been described earlier. Some actions may have unintended consequences, such as increasing land prices, creating a "heritage market" which does not serve the cause of preservation and increasing the dependence of both individuals and the private sector on government financial assistance. Nonetheless, efforts by government at some income redistribution, preservation of low-income housing stock and crime reduction would be welcomed by some stakeholders. Due to the inevitable disruptive cycles of

market economies, current global economic conditions, and some indication that local job creation can positively affect neighbourhoods, this author contends that governments have a moral obligation to assist in an equitable economic development strategy. It is, therefore, disappointing that the current provincial government recently gave large (and ultimately unsuccessful) subsidies to various major corporations such as Skeena Cellulose yet the same New Democratic Party government (although a different Premier) reneged on its earlier offer to subsidize non-market housing for the proposed Woodward's redevelopment, which was considered by many to be a lynchpin for economic rejuvenation of the VSCPA. At the same time, although the renewed *Victory Square Concept Plan* deals with many relevant issues, it is handicapped by its lack of focussed economic perspective and analysis which might help improve the lot of low-income residents.

Mixed housing was considered by Jacobs as an excellent method to offset potential gentrification (1961) and also recommended by Suchman for the Urban Land Institute (1994). Moreover, Suchman considers that concentrating and isolating poor families is destructive from both societal and individual viewpoints (1994). Of considerable importance is the fact that of all the VSCPA residents interviewed by Butt (1993), 73 per cent approved the concept of a mixed-income neighbourhood. Support for the notion among current residents becomes somewhat ambivalent, however, when specific issues relating to development are raised, such as the likelihood of an increase in the cost of living or traffic (Butt: 1993).

5.3. Conclusions

While Victory Square faces many problems shared by numerous older North American inner-cities, it is in other ways unique and requires specific policies and solutions. Although much of this thesis' discussion suggests that meaningful community economic rejuvenation will be difficult if not impossible to achieve, this should not preclude sincere and meaningful efforts. Any success will necessitate an inclusive and community-oriented process featuring both broad and courageous vision and deliberate incremental efforts. While efforts to achieve solutions should be derived primarily from within, external developments, trends or opportunities cannot be overlooked. It will be incumbent upon all stakeholders (including Council, City planners, the business community and other advocacy/interest groups, including DERA) to work cooperatively to meet the challenges of Victory Square. While it would be inappropriate to suggest restoring Victory Square to its earlier prominence, efforts should be made to return the neighbourhood to a position of greater economic and social importance and human dignity. Notwithstanding the absence of significant public funding and with the benefit of other experiences, effective public policy-making, partnerships and private sector initiatives should be mobilized to restore and renovate a judicious mix of heritage structures into a viable combination of mixed-residential, retailing, office and public space, while maintaining services and accommodation for the low-income population.

5.4. Recommendations

Based upon this author's research and in order to work toward the conditions described in the above paragraph, the following immediate action is proposed:

- recognition and celebration of the important role which the Victory Square area has played in Vancouver's history,

- an appreciation that while Victory Square is unique, it shares experiences and characteristics of other North American historic inner-cities,
- the promotion of a mutually beneficial atmosphere of cooperation and inclusiveness among all stakeholders,
- the encouragement of more local hiring relating to information technology, infrastructure development, the film industry and retail sales staff as well as sub-contracting pertaining to maintenance and related services,
- a concerted effort among stakeholders to have the film unions employ local residents, at least in those productions being shot in the VSCPA,
- the application of appropriate pressure by stakeholders to ensure approval of the West Coast Community Renaissance Proposal,
- increasing the residential population through the conversion of upper-storey commercial premises and the legalization of illegal artist suites,
- enhancing outdoor commercial and cultural activities,
- protection of the services catering to the low-income population,
- maintenance of the built environment,
- appropriate relaxation of building codes with regard to heritage preservation,
- initiation of a heritage plaque and walking tour program,
- immediate implementation of more aspects of the VSCP so that stakeholders will know that the City is committed to its stated intentions,
- calculation of and public disclosure by the City the square footage and likely nature of all planned and possible residential, office, commercial and retail developments in surrounding neighbourhoods so that potential businesses can plan effectively, and

- redirecting the City's anti-crime efforts away from the Cannabis Café to more effective endeavours.

In the intermediate term, the author recommends:

- development and adoption of a segmented and/or spatial niche retail strategy focussing initially upon the existing student and applied design and creative services sector, and subsequently upon the increased professional residential population,
- formulation of a tourism strategy based upon the principles outlined in Section 5.1.5.2.,
- consideration of the Gastown, Yaletown, Victory and other relevant experiences,
- ongoing exchange of information with those involved in Seattle's Pioneer Square revitalization process,
- consideration by the City of Vancouver upon heritage properties of the effect and its transfer of density policy,
- examination and possible adoption of various aspects of Edmonton's land tax assessment and building rebate programs and Victoria's Downtown Heritage Building Incentive program,
- possible demolition of the Inns of Court/CIBC building to provide mixed residential and additional commercial space,
- consideration by both provincial and municipal governments of the potential impact of recycling policy or program changes on the low-income population,
- efforts by the City to ensure a variety of retail forms including those geared toward lower-income residents,

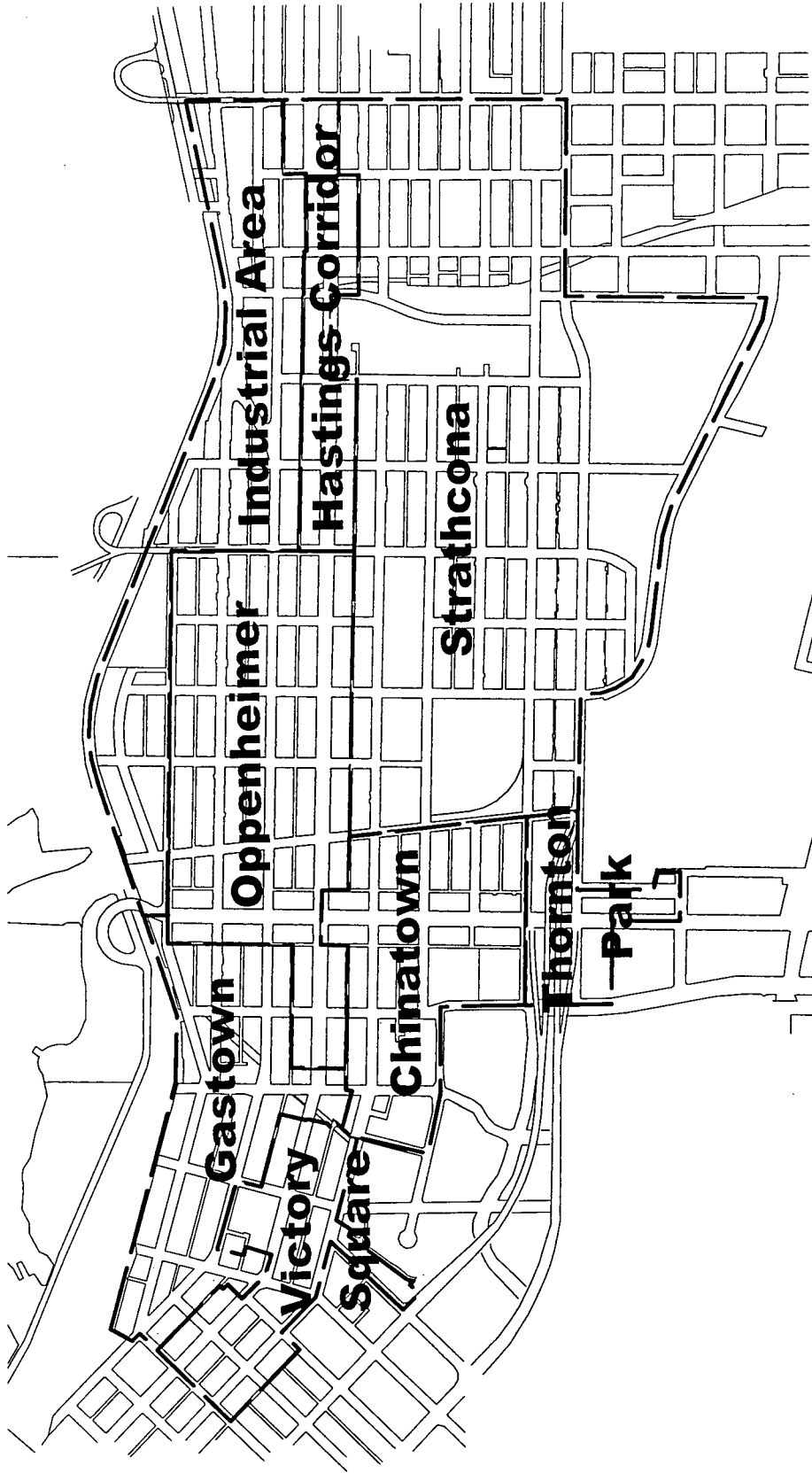
- efforts by the City to ensure a variety of retail forms including those geared toward lower-income residents,
- continuing capital investment to offset the depreciation of the commercial infrastructure while preserving and supporting existing low-income facilities,
- the establishment of appropriate partnerships to achieve and fund some of the above objectives,
- consideration by the City of negotiating neighbourhood employment thresholds in major development projects, possibly in exchange for a reduction in or elimination of Development Cost Charges or the private sector provision of public amenities depending upon the size and nature of specific projects,
- discussion amongst stakeholders to resolve the current Woodward's redevelopment impasse, and
- possible relocation or closure of the pawn shop and cheque cashing facility.

In the longer term, considerable additional study, data collection and policy consideration would be valuable. City planners must debate whether public washrooms, for example, are more important than parking lots or increased policing preferable to "heritage" lamp-standards or pedestrian brick sidewalks. Should major retail chains be required to provide lower-income, inner-city outlets in exchange for the right to build high-end market establishments elsewhere? Obviously, greater information relating to the economic benefits or drawbacks of heritage preservation is necessary, while a case study of the Gastown experience would be extremely useful. Assessments of recent community revitalization efforts such as that in Savannah, GA. would offer timely guidance, while further examination of job proximity and urban employment would

assist in refining public policy and private sector participation therein. It would be interesting to further document and interpret Vancouver's Downtown Eastside policies to determine whether there have been deliberate efforts to isolate urban problems and marginalize its constituents. Greater thought is also needed to maximize use of the Square itself, which is a significant civic asset. Finally, and not insignificantly, greater debate must take place as to whether it is appropriate to focus the City's resources for its low-income population in one area. Could dispersal of the current low-income population and its services throughout Vancouver provide more effective results from the perspectives of the individual well-being of members of the target population, service delivery and cost effectiveness while reducing and perhaps eliminating some of the current problems?

APPENDIX I

THE BOUNDARIES OF THE DOWNTOWN EASTSIDE



Source: City of Vancouver

April 1999

APPENDIX II

EXEMPLARY MARKET-BASED AND PRIVATE SECTOR SERVICES

Banking, Financial and Real Estate Services	Corporate Support Services	Transportation & Communication Services	R & D and 'Informatics'	Applied Design and Creative Services
<ul style="list-style-type: none"> • commercial and merchant banks • stock exchanges and venture capital agencies • international banks and global financial intermediaries • commercial insurance and reinsurance • industrial/commercial real estate agencies 	<ul style="list-style-type: none"> • legal services • accounting services • management consultants • marketing • consulting engineers • advertising and public relations • personnel recruitment & training 	<ul style="list-style-type: none"> • freight forwarders • shipping brokers and cargo lines • air cargo services • telecommunications and fax services • couriers • business travel agencies 	<ul style="list-style-type: none"> • computer software • IT systems consultants • applied R & D operations • industrial laboratories • technology joint venture specialists 	<ul style="list-style-type: none"> • industrial design • architects • graphic artists • custom printing • CAD/CAM and GIS services • fashion and apparel design • video and post-production services

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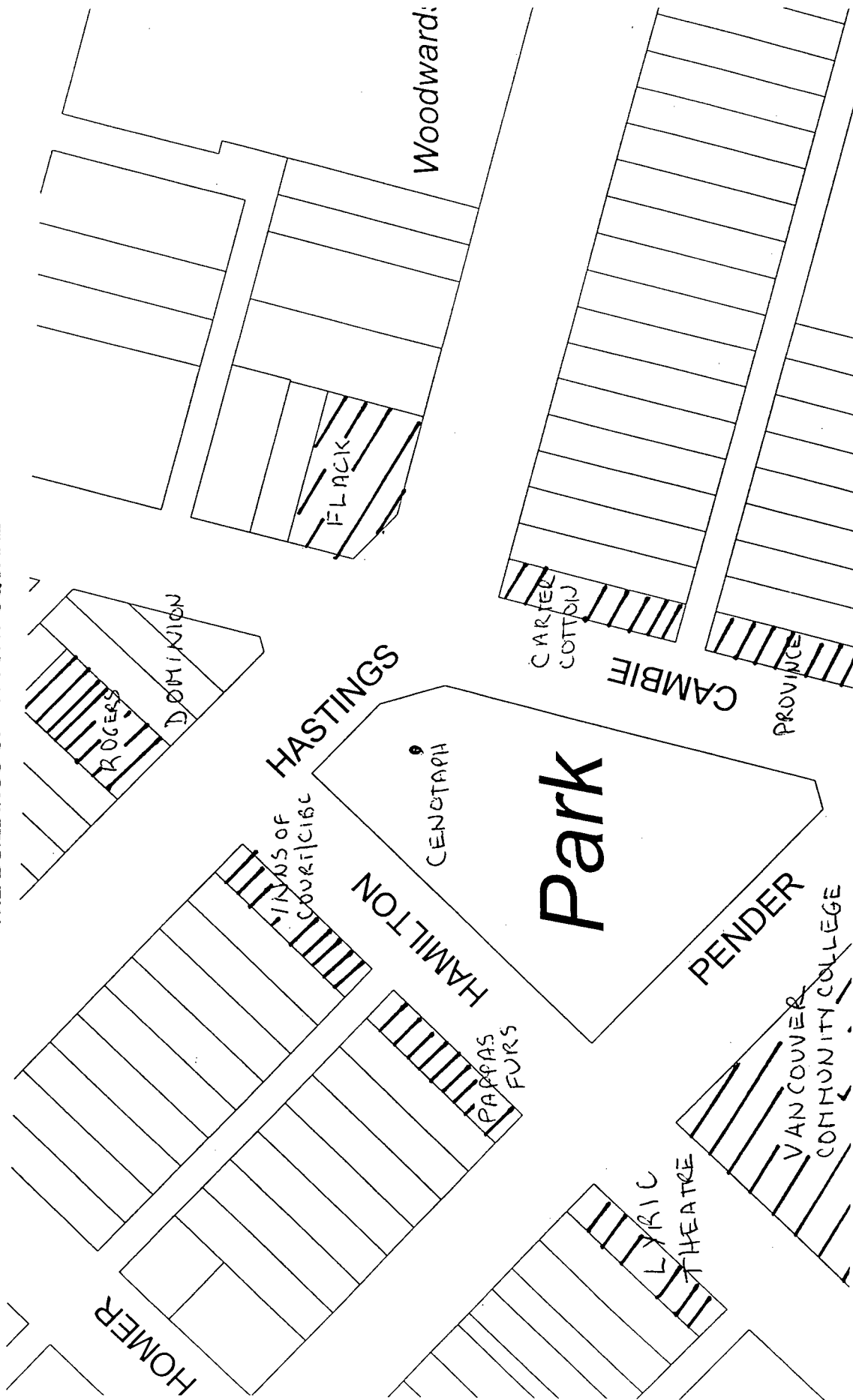
RECENT VICTORY SQUARE ASSESSMENT VALUES**1998 DOLLAR VALUES**

ADDRESS	BUILDING NAME	1997		1991		1989		1998-1997	
		LAND VALUE	IMPROVED VALUE	LAND VALUE	IMPROVED VALUE	LAND VALUE	IMPROVED VALUE	PERCENTAGE CHANGE	
181 WEST PENDER	EDGETT/PROVINCE	954,284	450,196	1,001,908	259,505	910,450	313,300	4.8	
300 WEST PENDER	LYRIC THEATRE	553,833	228,00	893,130	59,612	580,300	71,950	-4.6	
163 WEST HASTINGS	FLACK	628,451	328,320	755,725	224,684	570,550	182,000	10.1	
198 WEST HASTINGS	CARTER COTTON	393,818	942,676	495,229	451,025	330,000	422,000	19.3	
207 WEST HASTINGS	DOMINION TRUST	761,105	1,627,505	1,562,023	1,259,389	1,485,550	743,200	-48.8	
300 WEST HASTINGS	INNS OF COURT/CIBC	488,335	58,783	523,855	82,909	374,400	309,000	30.43	
301-307 W HASTINGS	ROGERS	353,022	12,105	362,595	62,182	237,500	64,850	49.1	

THERE ARE NO VALUES FOR VANCOUVER COMMUNITY COLLEGE (250 WEST PENDER) AND CITY PARKING LOT

APPENDIX IV

THE BUILDINGS OF VICTORY SQUARE



APPENDIX V 141
HERITAGE COST CALCULATIONS PRO FORM AS

Rehabilitation Budget Checklist			
Soft Costs		Hard Costs	
Architect	\$	Demolition	\$
Structural Engineer	\$	Rough Carpentry *	\$
Mechanical Engineer	\$	Finish Carpentry *	\$
Environmental Engineer	\$	Sheetrock *	\$
Consultants	\$	Plaster	\$
Appraisal	\$	Painting	\$
Attorney	\$	Doors, Door Frames	\$
Accountant	\$	Hardware	\$
Interior Designer	\$	Ceilings	\$
Landscape Architect	\$	Subflooring *	\$
		Floor Covering *	\$
Loan Placement Fee	\$	Plumbing *	\$
Loan Origination Fee	\$	Electrical *	\$
Construction Period Interest	\$	Light Fixtures	\$
Closing Costs	\$	Heating/Ventilating Air Conditioning (HVAC) *	\$
		Insulation	\$
Building permit	\$	Sprinkler System	\$
Hook-up Fees	\$	Fire Extinguishers	\$
Impact Fees	\$	Exit Signs	\$
Use Fees	\$	Specialties	\$
Building Inspection Fees	\$	Stairs - Interior	\$
		Stairs - Exterior	\$
Bid Bond	\$	Elevator/Escalator	\$
Temporary Power	\$	Specialty Glass	\$
Project Phone	\$	Windows	\$
Project Sign	\$	Structural Work	\$
Builders Risk Insurance	\$	Roofing & Flashing *	\$
Copying	\$	Exterior Cleaning	\$
Legal Advertising	\$	Tuckpointing	\$
Bid Costs	\$	Decorating Extras	\$
Rent Loss during Construction	\$	Millwork	\$
		Signing	\$
Other Soft Costs	\$	Clean-up	\$
TOTAL SOFT COSTS	\$	Other Hard Costs	\$
		TOTAL HARD COSTS	\$
Rent-up Costs		Cost Recapitulation	
Advertising	\$	Hard Costs	\$
Model	\$	Soft Costs	\$
Leasing Fees	\$	Rent-up Costs	\$
Rent Inducements	\$	Contingency (%)	\$
Postage & Printing	\$	TOTAL COSTS	\$
Floor Plans	\$	Notes:	
Legal	\$		
Cleaning	\$		
Utilities	\$		
Other Rent-up Costs	\$		
TOTAL RENT-UP COSTS	\$	* Labor and Materials	

Operating Proforma – Multiyear Projection									
Property:	Date of Projection:								
YEAR									
Gross Scheduled Income	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Vacancy (____ %)	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()
Plus: Miscellaneous Income	\$	\$	\$	\$	\$	\$	\$	\$	\$
Effective Gross Income	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Fixed Expenses	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()
Less: Variable Expenses	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()
Less: Reserves for Replacement	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()
Total Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Operating Income	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Debt Service	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()	\$ ()
Cash Flow	\$	\$	\$	\$	\$	\$	\$	\$	\$

Notes:

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APPENDIX V (CONT.)

Stabilized Year Operating Statement		
Property:		Year: _____
		Date of Projection: _____
Gross Scheduled Income		\$
Less: Vacancy (_____%)	\$	
Plus: Miscellaneous Income	\$	
Effective Gross Income		\$
Less: Fixed Expenses		
Real Estate Taxes	\$	
Insurance	\$	
Other	\$	
Less: Variable Expenses		
Management (_____%)	\$	
Utilities	\$	
Repairs	\$	
Maintenance	\$	
Sewer, Water, Garbage	\$	
Supplies	\$	
Outside Services	\$	
Miscellaneous	\$	
Less: Reserves for Replacement		
Roof	\$	
Floor Covering	\$	
Other	\$	
Total Expenses		\$
Net Operating Income		\$
Less: Debt Service	\$	
Cash Flow		\$

Notes:

APPENDIX V (CONT.)

Calculating the <i>GAP</i>			
<i>I know what the rents will be – How much can I spend? How big will the GAP be?</i>			
+, -, X, ÷			
	Gross Scheduled Rents		\$
-	Vacancy	\$	
+	Miscellaneous Income	\$	
=	Effective Gross Income		\$
-	Fixed Expenses	\$	
-	Variable Expenses	\$	
-	Reserves for Replacement	\$	
=	Net Operating Income		\$
÷	Debt Coverage Ratio		
=	Available for Debt Service		\$
÷	Debt Service Constant		
=	Maximum Mortgage Amount		\$
-	Existing Mortgage Pay-off	\$	
+	Equity Dollars Available	\$	
-	Acquisition Cost	\$	
=	Maximum Rehabilitation Budget		\$

	Estimated Total Rehabilitation Costs	\$
-	Maximum Rehabilitation Budget	\$
=	Amount of <i>GAP</i>	\$

Notes:

APPENDIX V (CONT.)

Source and Use of Funds		
USES OF FUNDS		
Pre-acquisition Costs	\$	
Acquisition	\$	
Rehabilitation	\$	
Holding Costs During Construction	\$	
Rent-up Costs	\$	
Reserves	\$	
Other Costs	\$	
TOTAL USES OF FUNDS		\$
SOURCES OF FUNDS		
Intervention Funds	\$	
Building/Land Contribution	\$	
Donated Services	\$	
Debt – 1 st Mortgage	\$	
2 nd Mortgage	\$	
3 rd Mortgage	\$	
Equity – 1 st Equity Position	\$	
2 nd Equity Position	\$	
3 rd Equity Position	\$	
Other Source _____	\$	
Other Source _____	\$	
TOTAL SOURCES OF FUNDS		\$

Notes:

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APPENDIX V (CONT.)

ACQUISITION COST ESTIMATE		
	Purchase Price – Real Estate	\$
	Purchase Price – Personal Property	\$
	Appraisal	\$
	Credit Report	\$
	Transfer Tax	\$
	Inspection Fees	\$
	Survey	\$
	Title Insurance Policy	\$
	Buyer's Brokerage Fee	\$
	Attorney's Fees	\$
	Heritage Evaluation	\$
	Environmental Analysis	\$
	Loan Origination Fees	\$
	Loan Discount Fee	\$
	Required Escrow Deposits	\$
	Prepaid Interest	\$
	Other Bank Charges	\$
	Insurance Prorations – To Seller	\$
	Tax Prorations – To Seller	\$
	Fuel Oil Prorations – To Seller	\$
	Other Costs at Closing	\$
	Insurance Prorations – From Seller	\$
	Tax Prorations – From Seller	\$
	Rent Prorations – From Seller	\$
	Deposit Adjustment – From Seller	\$
	Other Credits at Sale	\$
	AMOUNT DUE AT ACQUISITION	\$

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**PERSONAL AND TELEPHONE INTERVIEWS
AND WRITTEN CORRESPONDENCE**

<u>Name</u>	<u>Position</u>	<u>Organization</u>	<u>Date</u>
Anderson, Lesley	Program Officer	Vancouver City Savings Credit Union	May 21, 1998
Barber, Steve	Heritage Planner	City of Victoria	February 23, 1999
Dieter Kloepper	Consultant	West Hastings Revitalization Assoc.	May 15, 1997
Dobell, Pete	Agent	CB Commercial (Realty)	January 25, 1999
Edwards, Bill		Reliance Holdings	February 2, 1999
Franklin, Doug	Director of Gov't. & Public Relations	Heritage Canada	October 13, 1998
Gilbert, Frank	Community Affairs Coordinator	Downtown Eastside Residents Association	May 26, 1998
Gilson, Robert	Executive Director	Tradeworks Training Society	August 28, 1998
Kerr, Alastair	Senior Preservation Consultant	Heritage Branch Ministry of Small Business, Tourism & Culture, B.C.	May 20, 1998
Lee, Sharon		Low Income Housing Institute Seattle, WA.	March 4, 1999
Lockyear, Valerie	Program Officer	Westcoast Development Group	May 22, 1998
Lucas, Sarah	Secretary to the President	Vancouver Community College	November 13, 1998
MacKinnon, Murray	Project Manager	Greystone Properties Ltd.	May 21, 1998
Madden, John	Planner Central Area Planning	City of Vancouver	February 11, 1999
Monteyne, David	heritage researcher & writer	self-employed	March 16, 1999
Pela, Paolo	President	Novam Management Ltd.	May 19, 1998
Saunders, Richard	Supervising Coordinator	The BladeRunners Partnership	September 6, 1998
Tully, Barbara		Brook Development Planning Inc.	June 9, 1998
Turvey, John	Executive Director	Downtown Eastside Youth Activities Society	September 17, 1998
Umland, Catherine	Executive Coordinator	Victoria Civic Heritage Trust	February 12, 1999

Vaisbord, Peter	City Business Improvement Area Coordinator	City of Vancouver	July 26, 1998
Weiler, John	Vice President for Research & Development	Heritage Canada	March 2, 1999

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