

36 Blood Alley Square: Housing Histories of Conflict and Co-production

**by
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Abstract

This case study examines the ways in which three distinct models of social housing were constituted through processes of conflict and coproduction between non-profits, state bodies, and private actors at one site in Vancouver. By tracking the shifting influence and capacity of activists, non-profits, planners, private developers, and state housing agencies over time through the lens of one site, I show how housing in contested neighbourhoods is produced and retained through a complex web of actors and power relations. While much urban scholarship portrays low-income neighbourhoods as passively subject to tides of capital and whims of planning, my research shows how both past and present relations between a wide array of local stakeholders collectively shape the way that macro-processes have manifested at the neighbourhood level. Finally, I suggest that the current redevelopment offers a 'space of hope' in balancing the broad goals of the neighbourhood.

Keywords: social housing; gentrification; urban planning; developer contributions; community activism

Dedication

To David, who instilled his sense of wonder about place

To Helen, who passed down the value of community and resistance

To Sherien, for her patience and support throughout the writing of this paper

To Omar, created in the blessed image of all three of you

And to all those who fight for a Right to the City

Acknowledgements

I acknowledge that this research was carried out on the unceded ancestral territories of the *xʷməθkʷəy̓əm* (Musqueam), *Sḵwx̱wú7mesh* (Squamish), and *Selílwitlh* (Tseil-Waututh) Nations. The colonial place names and toponymy I employ for the spatial setting of this paper represent a blink in the eye of human history on these lands, and were imposed through processes of colonization, dispossession, settlement, surveying, and planning. The geographic focus of this paper - 'Gastown' and the 'Downtown Eastside' - constitute an area that for millennia were encompassed by *P'k'als* (White Rocks) near the current SFU Urban Studies campus, *Lek'Leki* (Beautiful Grove) around Carrall St, *Khiwah'esks* (Separated Points) at Main and Terminal, and *K'emk'elay* (Grove of Big Maples) near present day C.R.A.B Park, for the Squamish and Halkomelem speaking peoples. While this paper focuses on low-income housing in the neighbourhood over a five-decade period, I acknowledge that the processes of gentrification, socio-spatial stratification, and contestations over space exist within the wider context of colonialism and urban development on unceded territory.

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Table of Contents

Declaration of Committee	ii
Ethics Statement.....	iii
Abstract.....	iv
Dedication	v
Acknowledgements.....	vi
Table of Contents.....	vii
List of Tables.....	ix
List of Acronyms	x
Glossary	xi
Chapter 1. Introduction	1
1.1. Background.....	7
1.2. Research Problem	11
1.3. Research Question.....	12
Chapter 2. Literature Review.....	13
2.1. The Reformist Political Turn and Gentrification Through Heritagization	13
2.2. Polarization and Community Resistance	17
2.3. Social Mix and Developer Contributions	22
Chapter 3. Methodology.....	28
3.1. Document Analysis	29
3.2. Interviews.....	32
Chapter 4. A New Public Square and New Life for the Stanley and New Fountain Hotels (1968-78)	34
4.1. Application to Demolish	34
4.2. The Battle for Gastown.....	36
4.3. The 1969 Restoration Report.....	37
4.4. Heritage as an Alternative Development Strategy	39
4.5. 'Advocate - Entrepreneurs '	40
4.6. Reformist Planning and the Birth of Discretionary Zoning.....	44
Chapter 5. Federal Retrenchment and Local Polarization.....	46
5.1. Enter GVHC	46
5.2. One Neighbourhood in Two Directions	47
5.3. Expo'86	49
5.4. 'Revitalization Without Displacement'	51
5.5. 2001: Exit GVHC, Enter PHS	53
Chapter 6. PHS: Housing First and the Politics of Necessity	56
6.1. 1993: Downloading and De-institutionalization	56
6.2. PHS: A New Breed of Community Service and Political Representation.....	57
6.3. A Housing First Approach.....	58

6.4.	SNF Transferred to PHS.....	59
6.5.	Exit NDP in Victoria, Enter COPE in Vancouver.....	61
6.6.	Developer Contributions and Social Housing Production.....	62
6.7.	Option to Purchase.....	64
Chapter 7. Woodward’s: Collaboration out of Conflict.....		66
7.1.	2003: Re-tenanted.....	66
7.2.	Decline of a Neighbourhood Giant.....	67
7.3.	‘100% Ours’.....	67
7.4.	The Woodsquat.....	69
7.5.	Woodward’s Redeveloped.....	70
7.6.	A New Template?.....	72
Chapter 8. Housing First to the Limit (2003-2013).....		76
8.1.	‘The Bedbugs Were Holding Hands’.....	76
8.2.	‘This Area Has Been Discovered’.....	79
8.3.	2003 SRA By-Law.....	81
8.4.	A Change in Rent and Renters.....	83
8.5.	Closures and Lack of Enforcement.....	86
8.6.	Homelessness.....	88
8.7.	Heritage Incentive Program (Beautification 2.0?).....	89
Chapter 9. Culminations in Co-production (2013- 2018).....		93
9.1.	PHS Triggers the Deal.....	93
9.2.	Better the Developer You Know.....	94
9.3.	A Scandal and a Coup.....	97
9.4.	‘Fit in or be a Breath of Fresh Air?’.....	100
9.5.	Stonehenge Moment.....	102
9.6.	A Modest Proposal.....	103
9.7.	Retaining a Sense of Place.....	105
Conclusions.....		108
References.....		115

List of Tables

Table 1	List of documents analyzed	30
Table 2	List of interview respondents	32

List of Acronyms

CAC	Community Amenity Contribution
CDC	Cordova Redevelopment Corporation
CCAP	Carnegie Community Action Program
DERA	Downtown Eastside Resident's Association
DTES	Downtown Eastside
GVHC	Greater Vancouver Housing Corporation
HIL	Housing Income Limit
IDEAS	Improvement of Downtown East Area Society
PHS	Portland Hotel Society
SNF	Stanley/New Fountain hotel
SRA	Single-Room-Accommodation
SRO	Single-Room-Occupancy hotel
VCAC	Vancouver Community Arts Council

Glossary

Community Amenity Contribution (CAC)	In-kind or cash contributions provided by property developers to the City in return for increased development rights granted through rezonings.
Land Value Capture	The capturing of a portion of the increased value made possible through planning actions, such as rezonings or density bonuses, by the public sector from private developers
Shelter Rate	The portion of a welfare check allocated to shelter/accommodation. Shelter rate is currently \$375 in BC, and has remained stagnant for years as rents have steadily increased.
Single-Room-Accommodation (SRA)	'SRA' designation applies to both privately owned SROs and non-market housing with rooms or studios units less than 320 ft ²
Single-Room-Occupancy (SRO) Hotels	Rooming houses and residential hotels that contain very small single rooms and shared bathrooms and cooking facilities. Most were built around the turn of the 20 th century to house transient resource workers, and today provide a last resort affordable housing before homelessness.
Social Housing	Non-market housing provided for people on low incomes or with particular need by government agencies or non-profit organizations

Chapter 1.

Introduction

The Stanley New Fountain hotel, two formerly separate facilities that were merged in the 1970s, provided shelter and accommodation to the residents of Vancouver's Downtown Eastside (DTES) since the first building opened in 1899. In the Spring of 2019, Vancouver City Council approved a plan to demolish the structures, listed on both Vancouver's Heritage Registry and on the Canadian Register of Historic Places, to build a 10-story mixed use development. The new project will replace the 103 Single-Room-Accommodation (SRA) designated units with 80 self-contained social housing dwellings and 62 market rental apartments, as well as some commercial outlets on the ground floor. In 2017 the 56-bed emergency shelter that had been operating in tandem with the longer-term single occupancy rooms on site was moved to a new facility nearby. While the re-development will be a new construction, the original heritage facades of the old hotels will be retained and conserved on the south side of the project. During the development of the new facility, the adjacent city-owned public plaza "Blood Alley Square" will be undergoing a simultaneous renovation that ties into to the new buildings, which are jointly owned by provincial housing corporation BC Housing and private developer Westbank.

The new development, '36 Blood Alley Square', marks the culmination of a highly complex process to balance the multiple and often opposing interests in motion in the neighbourhood and is unique on several fronts. In particular, multiple zoning by-laws were relaxed in order to produce new social and rental housing, including once sacrosanct restrictions on height and density in the protected Historic Area of Gastown. Along with the discretionary relaxation of heritage rules, planners employed land value capture techniques to mediate between the property rights of the private developer and the public good of low-income housing for the community. The new social housing units will be self-contained, with their own kitchen and bathroom facilities, replacing a dangerously dilapidated structure where over 100 residents lived in 100 square foot rooms and often shared one working toilet per floor. Rents in the social housing facility will be capped at 'shelter rate', or the portion of an income-assistance check allocated to

accommodation, in a neighbourhood where even the lowest monthly hotel rates are increasingly well out of range for welfare recipients (St Denis 2021).

The City has also mandated that the market apartments remain secured as rentals, and individual units cannot be sold-off or rented short term, so as to protect the new rental stock and mitigate speculative real estate practices that have exacerbated the local affordability crisis. The social housing facility, owned by BC Housing and operated by the non-profit Portland Hotel Society (PHS), will be cross-subsidized in part by revenues from the Westbank-owned market rental units next door. In return for these conditions, Westbank was able to access low cost financing from the province to redevelop the site. Finally, after consultation with various stakeholders in the community, efforts are being made to retain a sense of belonging for low-income residents and prevent displacement pressure in the newly renovated public plaza amidst concerns that the area is becoming too upmarket for the long-standing community. Taken together, the project encapsulates the City of Vancouver's 'revitalization without displacement' strategy for the neighbourhood, introduced in the 1990s and accelerated in recent local area plans. The policy seeks to replace aging residential hotels with new self-contained units and maintain current levels of low-income housing while creating a 'complement' to the low-income community by building new market housing and creating a 'mixed-income' neighbourhood that would 'support the provision of goods, services and employment opportunities for local residents of all incomes' (City of Vancouver 1998).

Viewed through a critical lens, the project raises several important questions about the role of private developers in the production of social housing and the outcomes of the city's strategy of 'social mix' as a means to 'revitalize' the impoverished DTES. The growing reliance on the private sector to provide affordable homes in return for favorable development conditions and 'social capital' bears further investigation as part of the neo-liberal practice of privatizing public services (Hyde 2018; Shih and Shieh 2020; Moore 2016). Furthermore, relying on developer contributions for the production of social housing runs the risk of co-optation by powerful interests, with planning systems subject to transformation along neo-liberal lines. This creates a contradictory system where the creation of affordable housing becomes a trade-off for the production of even more unaffordable housing and is not a sustainable solution to the housing crisis. (Stein 2019; Moskowitz 2018).

With regards to social mix policies, there is a widening gap between state strategies in favour of mixed income neighbourhoods and anti-gentrification scholars and activists who are increasingly opposed. While the new political orthodoxy around 'revitalization' centres on both the economic recovery and 'social balance' of low income neighbourhoods through the addition of market housing (Walks and Maaranen 2008; Bridge, Butler, and Lees 2012), critics charge it is a one-sided strategy that aspires to raise land values and promote entrepreneurialism rather than actually integrate communities (Blomley 2004; Wideman and Masuda 2018). 'Tenure dilution' also dilutes the political power of low-income communities as their voice is usurped by new middle-class residents (August and Walks 2011). And studies of neighbourhoods that have undergone state and developer-led 'social-mix' over time show increased polarization and 'social tectonics' rather than integration and mix (H. A. Smith 2003; Walks and Maaranen 2008). The redevelopment of the Stanley New Fountain through the partnership of a public housing body and private corporation and the addition of market housing into space previously occupied exclusively by non-market units should be analyzed with these concerns in mind.

In my research I argue that the final approved proposal for 36 Blood Alley Square is a more hopeful and equitable development than other projects involving new market units in the area and that this improvement is due to a rich legacy of contestation, collaboration, and experimentation at this site going back five decades. In order to understand why an emphasis on dignified, self-contained shelter rate homes, safeguards against speculation, and the community's right to both remain and feel welcome in their neighbourhood was at the forefront of the City's recommendations for this project, I trace back through the cycles of disinvestment, displacement, and resistance in the area and the ways in which the Stanley New Fountain became an accretion of attempts to address them. Rather than being a simple tale of capital versus community, the history of the Stanley New Fountain since its transformation into experimental social housing in the 1970s shows the intricate and multi-faceted dynamics in motion between various actors – residents, activists, non-profits, planners, and developers – and how they shape the provision of low-income housing over time as relations and conditions change in a highly contested urban space. Finally, drawing on David Harvey's concept of pragmatism under the current neo-liberal urban regime (2000), I offer that the new

development provides a 'space of hope' for future partnerships which build on a long history of both contestation and co-operation at the site.

I have taken the phrase 'conflict and co-production' in my title from Shlomo Hasson and David Ley's seminal work on the history of the DTES (1994), in which they detail the rise and transformation of the Downtown Eastside Resident's Association (DERA) from an abrasive protest group in the 1970s to a partner in the production of non-market housing alongside state agencies and private developers in the 1980s and 90s. Noting how DERA's evolution provided 'ample evidence of the capacity of a local movement to infiltrate the state, of how innovation can bubble up from below', the authors assert that 'because such influence frequently shatter the pre-existing protocols and categories of government procedures, it is initially resisted, only later to reappear on the agenda of the state itself (Hasson and Ley 1994, 203). I argue that this transcendence from the margins to official policy, the paring of grassroots ideology and tactics with pragmatic access to the avenues of funding and power, has played out through the production of several innovative approaches to social housing at the site of 36 Blood Alley Square, each one responding to the unique conditions and housing needs of its time and culminating in the current redevelopment. To understand the potential of this culmination, I delve back through the previous iterations on this site as housing providers wrestled with processes of heritagization, gentrification, polarization, and increasing austerity from senior levels of government. In doing so, residents and advocates established a moral political culture centred on the right of the community to remain in the area (Ley and Dobson 2008), a culture that now permeates planning policy and has even found allies in certain quarters of the development community.

I start my study at the turnover of the 1960s-70s, when a reformist turn in local politics and planning heralded the end of urban renewal schemes and the existential threat of large-scale demolition in the DTES. This critical shift in planning also saw a relaxation of rigid zoning rules and the introduction of a discretionary approach where an exemption could be made if it was deemed to produce a significant public good (Punter 2004). While a renewed appreciation for Gastown's historic value sparked an initial grassroots heritage revival, restoration practices would later be deployed as an alternative economic and property development strategy led by a consortium of developers and business groups seeking to remake the area both aesthetically and socially (Ley 1996; Sommers 1998; Blomley and Sommers 2002; Blomley 2004; Leary-

Owhin 2016). In response, the coalition of resident's groups, activists, independent merchants, and progressive parties who had fought to save the neighbourhood from demolition now turned their efforts to fight for a place for the long-standing, low-income community to remain in a rapidly gentrifying district. It was the beginning of the fundamental conflict between property rights and the right to the city that has been waged across Gastown and the larger DTES ever since.

Out of this effort to secure a place for poor residents in the newly designated 'Historic Area', the Stanley New Fountain was repurposed as the first private-citizen owned and funded social housing in the city through a partnership between a progressive group of university professors, developers, and a local non-profit community organization (Leary-Owhin 2016; Donaldson 2019b). It was an innovative attempt by private citizens, aided by generous mortgage financing from the federal government at the height of public support for non-market housing programs, to prevent further displacement in an area undergoing wholesale gentrification-through-heritagization. And while the experiment would ultimately prove unviable by the end of the decade, it created two innovative precedents: A model of 'advocate-entrepreneurialism' that pored private developers with community non-profits and a financial operating model where revenues from commercial activity on-site subsidized residential rents to deepen affordability.

The study then follows the hotel through the twilight of the reformist era and into the rise of neo-liberalism in the 1980s, as conservative forces took back the seats of power across multiple levels of government and funding for social services declined. The cleaving away of Gastown as a separate sub-planning district from the greater DTES, earmarked for 'upgrading' and economic development while neighbouring areas were 'downgraded' as centres for concentrated social housing and services, produced uneven spatial development and severe intra-neighbourhood polarization (H. A. Smith 2003; Wideman and Masuda 2018). As the City faced opposing trends of a real estate construction boom on one hand and the abandonment of social welfare programs by senior levels of government on the other, planners created increasingly complex mechanisms to capture profits derived from private developments and redistribute them as public amenities, including social housing and heritage preservation (Moore 2016; Shih and Shieh 2020).

In the 1990s the retrenchment of senior government from social housing production, after-effects of the Expo-86 World Fair, de-institutionalization of mental health patients out of care facilities and into the general population, and proliferation of heroin and crack-cocaine use in the neighbourhood dramatically altered the demographics and housing needs of the community (Boyd, Campbell, and Culbert 2009; Blomley and Sommers 2002; Proudfoot 2012). The growing humanitarian crisis led to a new breed of non-profit community service providers, led by the Portland Housing Society (PHS). Under its management, the Stanley New Fountain again became a test site for a bold new approach for social housing, this time under the 'Housing First' model that provided low-barrier shelter to residents deemed too volatile or high risk to accommodate elsewhere. PHS also effectively alternated between tactics of confrontation and collaboration when dealing with the state and private developers, sometimes seeking to work directly with corporations like Westbank rather than through state housing agencies. The non-profit society would mimic developer tactics of property accumulation in order to block upscale encroachment, and the Stanley New Fountain became a key locational buttress against nearby luxury developments in addition to being a 'last-stop' for Vancouver's 'hardest-to-house' residents.

The study concludes with an investigation into the current mixed-income development, which saw a complex set of events lead to several transfers of ownership between the City, PHS, Westbank, and BC Housing. The Woodward's protests emboldened community claims of collective ownership to the area and exposed the entangled strands of contestation over its future (Mckenzie and Hutton 2015; Blomley 2004). The subsequent Woodward's development set new precedents in public-private proprietorship, discretionary zoning practices, community consultation, and increasingly transactional relations between developers, non-profits, and state agencies. It also forged an alliance between Westbank, BC Housing, PHS, and architects Henriquez Partners that would be rekindled a decade later at 36 Blood Alley Square. The final outcome of the SNF project would integrate five decades of lessons from this site while addressing the current challenges of rising homelessness, physically deteriorated SRA housing stock, the loss of shelter rate housing due to conversion, demolition, or abandonment, increased competition for the lowest tiers of housing due to a lack of secured market rentals in the city, and soaring land values and development pressures making the production and maintenance of social housing increasingly prohibitive.

I have taken an historical approach in order to examine the shifting contexts of low-income housing at one site through phases of progressive social movements and political conservatism, from a robust welfare state to increasing austerity and privatization, and where current forward-thinking political considerations for the long-standing, low-income community come after cycles of disinvestment, displacement and a fierce community response. In this light, appreciation for current innovations at the site should be viewed through the legacy of hard-fought campaigns and creative resourcefulness of previous housing providers, community activists, and progressive planners who held steadfast in retaining a place for the poor in a rapidly gentrifying area.

1.1. Background

The colonial settlement of Gastown, situated within the larger district of Vancouver's Downtown Eastside (DTES), sits upon the unceded Indigenous territories of the *xʷməθkʷəy̍əm* (Musqueam), *Sḵwx̱wú7mesh* (Squamish), and *Selíl̓wítulh* (Tsleil-Waututh) Nations. For millennia the area was known as *Lek'Leki* (Beautiful Grove of Trees), and the narrowing of the waters between Burrard Inlet and False Creek at this location made it an important point of passage for the Squamish and Halkomelem speaking peoples. The establishment of a saw mill near the Coast Salish village of *K'emk'elay* in the 1860s would bring large scale dispossession of these Indigenous communities, as a cycles of land clearance for industrial, commercial, and residential development drastically altered the landscape and brought large scale immigration and settlement. The old portage route of *Lek'Leki* would give way to Carrall Street, which became '0 avenue' in Vancouver and marked the east/west nexus of the new colonial city.

As the Coast Salish settlement of *K'emk'elay* and portage route along *Lek'Leki* were subsumed under new street grids, rail yards, and port facilities, the housing form that would come to typify this area from the turn of the 20th century onward was the Single Room Occupancy (SRO) hotel. Generally Edwardian in architectural style and serving as lodging for workers in seasonal resource trades like logging, fishing, and mining, such facilities would mix commercial outfits on the ground floor with rooming houses above. While the economy and social demographics of the area would undergo several transformations over the next century, the built form of the SRO would retain a

key role in questions over housing, health, and rising tensions between 'economic development' and the community's right to remain.

The Stanley (1906) and New Fountain (1899) hotels (SNF), were two such facilities. Erected near the intersection of Cordova and Carrall, where the Union Steamships would unload their daily human cargo of prospectors and loggers into a bustling colonial hub of outfitters, transportation companies, beer parlours, and rooming houses, the hotels were early examples of 'mixed use' development in the area, combining commercial services on the ground floor with lodgings above. The neighbourhood would experience significant economic decline after WWII, with the hotels eventually housing an aging single male population (Sommers 1998). The structures would be spared from scheduled demolition in 1968 thanks to a renewed interest in the neighbourhood's 'heritage value', and go on to play a significant role in the 'revitalization' of Gastown in the 1970s.

In 1971 the hotels were renovated and merged into one facility to become the first privately developed social housing in Vancouver, an important turn in urban development that saw heritage advocates, a non-profit organization, and local developers form an alliance in what Leary-Owhin terms 'advocate-entrepreneurialism' (2016, 72). Meanwhile, the ancillary space behind the hotels was purchased by the City, redesigned as a faux-historic courtyard, and renamed 'Blood Alley Square' as part of a civic re-imagining of Gastown as a centre for tourism and cultural consumption. Combining these two seemingly opposed visions for the site – social housing that helps retain the low-income population and aesthetic renovations geared towards a fashionable upgrading of the area – was unique in the evolving place-making strategies of Gastown within the larger Downtown Eastside (DTES). Other 'Beautification' initiatives in the area were less inclusive, causing a loss of over 400 Single Room Occupancy (SRO) units between 1968 and 1975 due to evictions and conversions to condominiums and loft apartments (Blomley and Sommers 2002).

During the 1980s and 1990s the Stanley New Fountain reverted to public ownership under the Greater Vancouver Housing Corporation (GVHC), and was run as subsidized single room lodgings for men. After dramatic social and demographic shifts in the neighbourhood, the security situation at the hotel deteriorated and that, combined with the worsening physical condition of the structure, motivated the GVHC to gift the

Stanley New Fountain to the non-profit Portland Hotel Society (PHS) in 2001. PHS accepted ownership as a means to block private developers from acquiring the site and to preserve existing shelter rate housing in the neighbourhood. The organization would convert the Stanley New Fountain into its lowest barrier facility, accommodating people with severe behavioural issues who had been ejected from all other available options for accommodation. This 'Housing First' approach would be the second experimental model of non-market accommodation trialed at the site, and aside from a brief closure due to funding issues, would continue to be the operating model at the site until its closure in 2017.

While PHS's operation of the Stanley New Fountain would run for the next two decades, their ownership was short-lived. PHS had initially taken over the facility with plans to do badly needed renovations with a provincial grant through the HOMES BC program. Tenants were relocated and repair work had started in 2001 when a change in provincial governments led to the abrupt cancelation of the funding program. The building would sit empty until 2003, when it was purchased by the City for the purpose of housing homeless activists from the Woodward's protest. The City and PHS then entered into a 10-year Housing Agreement whereby PHS would be responsible for providing housing services and covering operational costs at the SNF while the City would retain ownership and be responsible for larger maintenance and capital costs. Under the agreement, PHS could also trigger an option to purchase the site back from the City at any point over the next 10 years at a locked-in price of \$2 million dollars. During this period, relations between the non-profit and City became increasingly antagonistic over ongoing maintenance and security costs and operating losses at the facility. As the full term of the 10-year agreement approached and frustrations over the City's continued neglect of the facility's maintenance issues came to a head, PHS reached out to private developer Westbank as a potential partner in redeveloping the site. During this period homeless counts were increasing and pressure on low-income housing was compounded by demolitions, forced closures by health and safety authorities, and conversions of private SROs into higher rent facilities.

In 2013 PHS triggered its option to purchase the buildings back from the City at the original 2003 rate of \$2 million, which was a roughly comparable to the site's 2013 property assessment, though the land value alone would soar to over \$24 million after the approval of the new development in 2018. Due to financial constraints, PHS could

not afford the \$2 million price tag but feared the site would be sold to unscrupulous developers by the City if it did not trigger its option to re-acquire the hotel. In a complex sequence, PHS transferred its option to purchase the site to Westbank, which then paid the City the fee and took ownership of the site. PHS and Westbank then proposed several options for redeveloping the site into a mixed-use project with both market condominiums and social housing. As it approached a deal with the City and BC Housing, an audit and spending scandal would force PHS's top executives to resign and a full restructuring of the organization would follow. When the dust settled, PHS was out of any deal to redevelop the SNF and luxury developer Westbank was now the landlord of a hazardously decrepit, low-barrier social housing facility. Requiring a non-profit or state body to handle the non-market section of the development proposal, Westbank approached BC Housing as a potential partner for a new project.

In 2016 Westbank transferred partial ownership of the site to BC Housing, and the private developer and provincial housing corporation recruited architecture firm Henriquez Partners, which had also designed the Woodward's project and the original 1970s conversion of the SNF facility. The election of relatively progressive governments at the provincial and federal levels meant a rare alignment of housing goals across three levels of government and the funding landscape for both social housing and rental projects became more favourable. In response to new incentives, Westbank switched the market portion of the project from condominiums to rentals, and in return were able to access much more favourable financing conditions from the province. PHS was retained as consultant in designing both the new self-contained social housing units and a new shelter facility to replace the existing one operating in the basement of the SNF. The non-profit society would also be contracted to operate both new facilities when they opened.

In 2016 the tenants of the SNF were relocated to other PHS facilities over a nine-month period, before the building was fully vacated one final time. In 2018 a demolition permit was approved by the city on the understanding that the 103 SRA rooms would be replaced with 80 self-contained social housing units, in addition to 62 new secured market rentals. BC Housing would own the former, to be operated by PHS, while Westbank would own the market rentals and commercial retail units on the ground floor. A portion of the revenues from the market units would subsidize the social housing units, and newly available funding from senior levels of government would also help ensure the

project stayed viable while charging the shelter rate for rents. As of this writing, the project is near completion and is set to open in the summer of 2022.

1.2. Research Problem

Throughout the dramatic economic and social transformations of Vancouver's Downtown Eastside (DTES) over the last five decades, the Single Room Occupancy (SRO) Hotel has retained a crucial, if beleaguered, role as the community's last stop for housing. Amid rising tensions between neighbourhood economic development in the form of residential and commercial gentrification and the low-income community's right to remain, the shifting dynamics between local stakeholders - residents, activists, planners, non-profits, and developers – have impacted how low-income housing is owned, funded, managed, and maintained over time. The historic Stanley New Fountain hotel, located in Blood Alley Square in the DTES' gentrifying 'heritage district' of Gastown, has been the site of several experimental modes of non-market accommodation over this period: the first privately owned/subsidized SRO in the city (1972-79); a test-site for the new low-barrier approach that accommodated the city's 'hardest to house' (2003-2017); and the 'socially mixed' redevelopment now under construction by a private developer and public housing corporation that will see 80 new non-market welfare rate units built alongside 62 new market rentals. Throughout these varied approaches the building has seen periods of both investment and neglect, as efforts to retain social housing and the people who reside within during Gastown's economic revival have met with varying levels of political support.

My research is an historical analysis of the Stanley New Fountain as an accretion of efforts to house Vancouver's most vulnerable residents from the onset of the progressive reform movements in the 1970s to the ongoing neoliberal urban policies and dynamics of today. At the core of my project is the way in which large-scale processes – heritagization, gentrification, and the retrenchment of senior governments from the welfare state – brought a myriad of local actors into relation at this site and that outcomes for the community have been determined through processes of both conflict and collaboration by local players. By tracking the shifting influence and capacity of activists, speculators, non-profits, planners, private developers, and state housing agencies over time through the lens of one site, I show how housing in contested neighbourhoods is produced and retained through a complex web of actors and power

relations. As a palimpsest of such processes, the current 'socially mixed' redevelopment of the hotel embodies the city's 'revitalization without displacement' strategy that has been forged over five decades through both assertions and concessions among various neighbourhood actors. While much urban scholarship portrays low-income neighbourhoods as passively subject to tides of capital and whims of planning, my research shows how both past and present relations between a wide array of local stakeholders collectively shape the way that macro-processes have manifested at the neighbourhood level. Finally, I suggest that the current redevelopment offers a 'space of hope' in balancing the broad goals of the neighbourhood.

1.3. Research Question

How have 'conflict and co-production' among state bodies, private actors, and community organizations shaped the evolution of the housing provided since the 1960s at the Stanley-New Fountain Hotel site?

Chapter 2.

Literature Review

2.1. The Reformist Political Turn and Gentrification Through Heritagization

The early history of gentrification is less a story of rapacious real estate speculation and more a tale of dashed idealism, contradictory goals, unintended consequences, and at time outright hypocrisy

Suleiman Osman (2011,16)

The advent of progressive reform in planning and politics in the 1970s ended the physical threat of ‘urban renewal’, but it also gave way to an alternative development strategy of ‘heritagization’ that ultimately lead to profound aesthetic and social transformations in the historic inner city (Osman 2011; Blomley and Sommers 2002; Bridge and Atkinson 2005; De Cesari and Dimova 2019). In this section, I’ll be situating the changes that lit the match for the fundamental conflict in Gastown between property/development rights and the community’s right to the city. These processes correspond to the first stage of my study and contextualize the historic causes for the re-purposing of the Stanley and New Fountain hotels into social housing among the backdrop of neighbourhood ‘upgrading’ and upheaval. It was an era characterized by paradoxical processes and outcomes, whereby a progressive turn in planning and politics, a robust welfare state and support for non-market housing, and a renewed sense of historic value and re-valorization of a neglected neighbourhood also led to the cultural dispossession and physical displacement of many long term, low-income residents from their homes (Blomley and Sommers 2002; Blomley 2004; H. A. Smith 2003; Leary-Owhin 2016).

In Vancouver, the era of urban growth machine politics and modernist planning was overseen by the long-ruling NPA party and its autocratic chief planner Gerald Sutton Brown, a man whom Punter describes as wielding ‘power verging on the absolute’ (2004, 18). After decades of conservative rule, The Elector’s Action Movement (TEAM) unseated the NPA in 1972. This represented a major political shift and signaled the advent of the progressive reform-era in Vancouver (Punter 2004; Donaldson 2019a).

Stein describes the change in planning philosophies under reform-era politics, where advocate/equity approaches gained popularity in reaction to the dominant top-down, modernist model. While Advocacy Planning sought to create community-based plans in direct opposition to the state, Equity planners sought similar ends through working within city planning departments (2019: 23). In Vancouver, this latter approach was adopted by new Director of City Planning Ray Spaxman, who had worked with and been influenced by Jane Jacobs in Toronto. In contrast to the NPA's modernist approach of the 1950's and 60s, Punter summarizes the shift under TEAM as a more considered and sensitive approach to development, an increasingly participatory planning process, and a more inclusive vision for the future which appealed to a younger, better educated, and more urbane electorate (2004). With regards to the Vancouver's historic inner city, Leary-Owhin argues TEAM's 'seismic shift in planning and civic politics' meant a 'turn away from urban renewal and towards 'livability', including respect for the past, inclusive public space, and an ethos of social equity' (2016, 45). Finally, a key policy introduced by Spaxman at this time was discretionary zoning, where developers could ask for a relaxation of existing zoning if they could demonstrate the project would benefit the surrounding community. This was intended to update land-use rules incrementally in a changing, post-industrial city and would evolve in the coming decades through more entrepreneurial phases of development politics (Hyde 2018).

The dramatic restructuring of the urban post-industrial economy would also have transformative impacts on the cultural preferences of the new middle class, a phenomenon that would become studied under the consumer-led approach to gentrification. Daniel Bell's influential *Post Industrial Thesis* (1976) identified four features of this new society: a shift from manufacturing to a service based economy; knowledge-based industries and higher learning replacing factories and trades; rapid rise of managerial, professional, and technical occupations; and an artistic avant-gardes lead consumer culture. Geographer David Ley incorporated this thesis into his seminal work on the 'New Middle Class', whose cultural tastes led to an 'imagineering of an alternative urbanism to suburbanization' (1996, 15) and prompted a renewed interest in the inner city. This conceptualization of a 'back to the city' movement of 'urban pioneers' is viewed as the first phase of the gentrification process from the consumer-led perspective. A renewed interest in the historic inner city initially attracts artistic and counter-cultural types seeking cheap rents in older, 'authentic' places (Ley 1996). The

first wave of pioneers generally had low levels of economic capital (though they often possessed high levels of cultural capital) and tended not to displace existing residents. However, as Walks and Maaranen argue, “such pioneer groups translated their cultural capital into economic capital by investing their own sweat equity into their living spaces. This had the dual result of increasing the potential value of the properties (often for the landlord) and of imbuing the neighborhood with a distinct aesthetic identity and cache” (2008, 296).

Eventually the presence of such ‘pioneers’ gave way to more risk averse groups who had more locational choice and financial capital. Living spaces were renovated to become more upmarket, which in turn made them increase in value. Local commercial streets attracted new forms of retailing which reflected the changing demographics of the area, becoming increasingly ‘trendy’ upmarket. It is at this point that displacement of the original tenants, as well as the first wave of pioneers, began to take hold as new-comers were able to outbid them for space (Walks and Maaranen 2008). Indirectly, this stage also blocked new low-income residents from moving into the area, limiting the future constitution of the neighbourhood to higher income groups except those who remained in protected non-market housing. In Gastown this transition from ‘pioneers’ living among the community to wealthier residents moving directly into converted rooming houses that been home to low-income residents was already in effect by the mid 1970s, when 400 SRO rooms were lost between 1968 and 1975 (Blomley and Sommers 2002, 41).

The link between reform-era politics and the new urban bourgeoisie is sometimes depicted as an emancipatory and utopian process. In his study of 1970s and 80s gentrification in Toronto, Jon Caulfield characterizes this rejection of suburban conformity and modernist planning as ‘oriented toward reconstituting the meanings of the old city neighbourhoods towards an alternative urban future’ (1994, 109). Meanwhile Michael Jager (1986) suggests that by ‘buying into history’, the new middle class was also distancing itself from both the old working class *and* old middle class. This aestheticization as a form of class distinction eventually led to a ‘gentrification kitsch’, ‘where imitation took precedence over authenticity in order to produce profit from a repackaged past’ (Lees, Slater, and Wylie 2008, 113). There is a great deal of scholarly study on the cultural consumption of ‘authentic’ space, particularly in historic neighbourhoods that could be fixed up and re-valored as ‘heritage’. In the New York context, Osman (2011) explores the process of ‘Brownstoning’ in Brooklyn while Zukin

(1982) examines converted industrial 'loft-living' in Soho. In Australia, the restoration of working class tenements into posh 'Victoriana' in Melbourne (Jager 1986) and Sydney (Bridge and Atkinson 2005) had been analyzed through the lens of gentrification-by-heritagization.

Michael Edema Leary-Owhin (2016) has done the most thorough investigation into the heritage-led re-imagining of post-industrial Vancouver through the transformation of Gastown. He challenges the dominant narrative that credits progressive planners and politicians with the saving and 'revalorization' of Gastown in the 1970s, and demonstrates through archival research that it was an informal network of residents, heritage activists, merchants, and community organizations who instigated the renewed interest in the neighbourhood in the early 1960s. This process would later be adopted and formalized as state policy and an investment strategy by real estate investors in the 1970s. Leary-Owhin also argues that the threat of demolition incentivised the 'counter-project' of the Stanley and New Fountain hotels as experimental social housing and credits 'space-related coalitions' – academic, city, federal, social housing, DTES residents, and property development interests – for conceiving and implementing the project (2016,100). Leary-Owhin's examination of how various neighbourhood actors, including parties with seemingly opposing interests, found common ground and mutual benefit as they came into relation at the site is a theme I will extend in my investigation into subsequent developments at the site.

The reconfiguration of power dynamics in the post-industrial context lays the foundation for a study on conflict and co-production of housing in a contested and reimagined space. In the 1970s, possibilities for partnerships between community groups, heritage advocates, developers, and politicians came into light as the old political regimes shifted. Stein notes how the political and spatial vacuum left behind by the exit of industry led to the rise of a new regime/growth coalition in politics that was friendly to real estate capital and open to new land and building uses (2019, 53). Instead of 'urban renewal', they tweaked city and land use laws to allow for a balance of renewed commercial development and historic preservation. They also encouraged art and cultural production as a means to bring people back to the city. Osman (2011) explains how the emergence of a new post-industrial liberalism forged a 'new politics' that formed community planning boards and strived for a participatory democratic movement in the first wave of gentrification in Brooklyn. 'The 1970s were a dynamic

decade of transition that formed a crucial bridge between the participatory movements of the 1960s and gentrification and urban revival of the 1980s' (Osman 2011, 11). In the context of my research in Gastown, a coalition of local businesses, trade associations, community groups, and historic preservation societies which had countered the proposed freeway project would promote the economic viability of historic building adaptive reuse and neighbourhood transformation based on heritage valorization (Leary-Owhin, 2016). And the new progressive city government, faced with challenges of decaying buildings and entrenched poverty, were keen to work with such groups to add value to the inner city's aging building stock and regenerate the area. In the 1970s, conditions were in place to promote gentrification as a spatial fix for capital and a political fix for cities in crisis (Stein 2019, 56).

While the consumer-based conceptualization of neighbourhood change successfully accounts for certain aspects of early gentrification processes in Gastown, the approach is criticized for failing to acknowledge the following central issues: the production of space; the role of real estate developers and global capital, and the role of various levels of government (Lees, Slater, and Wylie 2008, 122) But perhaps more egregious is the lack of acknowledgement of negative effects and outcomes from gentrification: the physical displacement and cultural dispossession of long-standing, low-income communities. David Ley, who is widely associated with formulating the consumption-based understanding of gentrification, found the language of 'revitalization' objectionable for 'implying a sense of moral superiority in the process of residential succession, and imparting a mantle of less vitality on previous land uses and users' (1996, 33).

2.2. Polarization and Community Resistance

Heritage preservation was thus, more than anything, an alternative economic and property development strategy, rather than the innovative social and cultural approach which it claimed to be.

Blomley & Sommers (2002, 41)

While heritage enthusiasts, academics, housing advocates, and altruistic developers were restoring and transforming the Stanley and New Fountain into citizen-led social housing, other powerful actors were capitalizing on depressed land values in

the area on a much larger scale, and with much less equitable intentions. Largest among these was the Townsite Group, which acquired 10 dilapidated buildings and set about converting them from low-income residential and low-rent commercial uses to luxury condos, loft-conversions, and other high capital returns (Donaldson 2019a). In order to capitalize on the difference between the current value and potential value of the neighbourhood, large amounts of public funds were required for upgrades to the public realm while private investments were made in neighborhood real estate. Rather than being a small-scale consumer-led movement of the new middle class, this was real estate capital returning to a disinvested area now that conditions were ripe for a favourable return.

This conceptualization of gentrification, where developers and governments collude to create and extract profit from low income, historic neighbourhoods through dispossession and transformation, is referred to as the structural or production approach. In his seminal work *The New Urban Frontier: Gentrification and the Revanchist City* (1996), Neil Smith argues it is the return of capital, not people, to the inner city that causes gentrification and while these processes were initially viewed as inclusive and emancipatory, 'new urban frontiers' ultimately become conflict zones. The interconnections of urban policy, investment patterns, evictions, and homelessness are emphasized over the romantic middle-class desire for authenticity in place. Central to the structural argument is the concept of a 'Rent-Gap', or the disparity between the current rental income of a property and the potentially achievable rental income (N. Smith 1979). Since this disparity is greatest in areas with depressed land-value, such neighbourhoods are most vulnerable to gentrifying processes once conditions become right for redevelopment or adaptive re-use.

Smith also wrote extensively about *revanchism*, the practice of treating poverty as a moral failure and obstacle to growth that must be removed from the urban frontier (N. Smith 1996). Revanchism goes beyond physical displacement to the social alienation of the poor in their own neighbourhood through increasingly upmarket and exclusionary spaces and practices. In the case of Gastown's 'beautification' campaign, this revanchist approach was on full display in the influential 1969 Restoration Report, commissioned by both city council and the business lobby, which recommended 'minimising physical contact between the shopper and destitute' and the removal of street drinkers to a detox centre to 'give immediate relief to the merchant and shopper'

(quoted in Leary-Owhin 2016, 60). Far from being an emancipatory space for the new middle class, production-side literature frames gentrification as a process of capitalist appropriation of space and the social sanitation of the city.

As capital moves in a locational seesaw, flooding some areas with investment while others go into dereliction, a pronounced effect of economic polarization can occur (Moskowitz 2018; Stein 2019). It is important to define polarization and distinguish it from inequality, although both are potential outcomes of gentrification. Polarization can be described as “social tectonics”, ‘in which distinct classes share a neighbourhood but little else; they pass in the street but otherwise do not interact’ (Walks and Maaranen 2008, 301). Inequality is pyramid shaped, with a relatively prosperous few at the top resented by a larger, less prosperous group at the bottom. But the two groups are relatively disconnected, with little opportunity for direct conflict. Polarization on the other hand, is hour-glass shaped, with more contact and contention between roughly equally sized intra-neighbourhood income groups (ibid). In his Toronto based research of government-led gentrification schemes, Slater (2004) characterized such social “tectonics” as mistrust, superficial contact, and separate lifeworlds between residents and incoming groups, rather than the inclusion and integration that was targeted by the policy. In the Vancouver context, Smith (2003) and Blomley (2004) have both documented rising polarization occurring as a result of the state’s pursued strategy of ‘social mix’.

For Heather Smith, local planning and policy initiatives ‘play a critical and often contradictory role in the entrenchment and impact of polarization at the intra-neighbourhood level’ (2003, 496). In Gastown and the larger DTES, the arbitrary and uneven application of heritage protection accorded to selected areas led to aesthetic, social, and economic ‘revitalization’ while undesignated areas suffered from severe architectural deterioration, concentrated criminal activity, and commercial vacancy (501). ‘Heritage’ becomes the mechanism through which uneven development can be produced. Furthermore, because of the considerable cost of restoration projects (including stringent heritage policy specifications), such ‘upgrading’ activities require private investment and ongoing financial support from high end retail, residential, or business uses. Social services, including non-market housing, are concentrated into the ‘downgraded’, unrenovated, and undesignated sections of the neighbourhood. The impact is one neighbourhood being balkanized through public policy and subject to

uneven development, investment, and use based on the political priorities for different sub-planning areas.

Wideman and Masuda refer to the fracturing of the DTES into sub-planning areas as a form of 'toponymic assemblage', a government intervention to break the area into smaller spatial units through cartographic and place-naming practices which constitutes "an ongoing recursive process, marked by moments of rupture, reconfiguration, and continuous contestation" (2018, 397). Their study of the 2011-14 DTES Local Area Planning Process (LAPP) claims the spatial fragmentation of the area through this planning practice worked to generate new territorial conflicts, depoliticize community activism, and co-opt racialized and class-based histories of displacement and dispossession to stimulate "revitalization" ("Japantown")¹. A key finding from this study as it relates to my research is the way in which such toponymic assemblages of the DTES "are profoundly fluid and relational, formed through the practice, labour, engagement and learning of actors engaged both in planning and in activist resistance (2018, 397). In addition, the perceived 'perversion of history' for the purpose of economic development actually stimulated anti-gentrification alliances and emboldened political demands for the 'right to remain' in the area (2018, 396).

The act of place renaming when it comes from within the community rather than as an external branding exercise can mark a symbolic-cultural struggle to remake the identity of a district. Hasson and Ley (1994) describe the transformation of the neighbourhood from 'Skid Row' to the 'Downtown Eastside' in the 1970s as an effort to 'reclaim the district at the level of meaning', countering the 'slum' discourse that had been produced by outsiders and demanding recognition as a residential neighbourhood. The Downtown Eastside Residents Association (DERA) drew on the area's working-class history in their quest to gain political enfranchisement and legitimacy, effectively

¹ In 1942, with Canada and its allies at war with Japan, over 20,000 residents of Japanese descent were uprooted from their homes and moved to internment camps in B.C, while their homes and businesses were expropriated by the state. There is a growing backlash against the perceived co-option of this history by the city to instigate the revitalization of "Japantown". A recent article entitled "Why We Say Powell Street and Not Japantown" calls out CoV planners, policy makers, and politicians for capitalizing on efforts to commemorate the area's tumultuous past: "If we take seriously the power of names and naming, we must reckon with the difficult fact that "Japantown" has been mobilized by the City in order to 'revitalize,' 'clean up,' and 'beautify' Powell Street at the expense of people now living in the area" (May and Yakashiro 2021)

drawing on past struggles to empower the present. As the authors note: “History hangs heavily over the Downtown Eastside. It is not just the old buildings which inculcate a sense of the past, far more powerfully, it is a place of shared sentiment and symbol, of collective memories (Hasson and Ley 1994, 202). Crucial to my study on the shifting relations and conditions that shape how non-market housing is provided, Hasson and Ley describe how DERA effectively toggled between strategies of ‘conflict and co-production’ to improve services in the area, particularly housing. Innovative ideas would first be promoted through abrasive protest tactics, which would initially be resisted by the state and developers before eventually finding a place in official policy. This relational process between actors is effectively captured by Ley and Dobson:

The Downtown Eastside, on the edge of the central business district, is a landscape where the poverty cultures that gathered in cheap SRO housing have grown and diversified in response to the state’s service delivery and social housing strategies, themselves substantially responding to active neighbourhood politicization (2008, 2493).

In a sense, DERA represented a community driven counter-project to the ‘historic re-imagining’ of Gastown as a touristic heritage attraction. It is an example of the ways in which landscape can be read in different ways in frontier spaces, where ‘histories of shared occupation have imbued this landscape with moral and political meaning (Blomley and Sommers 2002, 51). However, as the low-income demographics of the area shifted in the 1990s, and the number of retired resource workers were diminished and replaced by a younger, more diverse, and increasingly volatile population, there was also a shift in the area’s political representation. Proudfoot (2012) notes how new actors, particularly the PHS, shifted the dominant articulation of the neighbourhood, its problems, and the appropriate solutions away from working-class identity politics of DERA and towards a more humanitarian, harm-reduction approach. A key distinction here is that DERA had based their demands for recognition on the claim that the DTES was a respectable working-class residential community, rather than a derelict Skid Row. PHS argued that distinction was irrelevant, as all residents deserved recognition and basic services, even if they lived outside the image of traditional working-class citizenship. This meant extending representation to the most marginalized, including drug users, panhandlers, sex workers, and the mentally ill (Proudfoot 2012, 102). While this shift in political representation would have a significant impact on the kind of housing and services provided over time, the model of strategic ‘conflict and co-

production' would remain a constant in dealings with both the state and the developer sector for the new neighbourhood guard.

Ley and Dobson (2008) argue that neighbourhood political mobilization is just one factor in the blocking or stalling of gentrification in the DTES. Despite possessing qualities that should have made the neighbourhood prime for full scale transformation over the five decades since early-stage gentrification gained a foothold – close proximity to the CBD, a high concentration of listed commercial heritage buildings, and heavily depressed land values opening up a significant rent gap compared to other inner-city districts – the DTES outside of Gastown has largely resisted social change. The authors contend that deep poverty, street crime, and public policy that protects low-income housing stock have all factored alongside vigorous political mobilization as impediments to gentrification, while stressing that sustained neighbourhood activism has led to 'a distinctive local moral culture that accepts the right to the city for the poor' (Ley and Dobson 2008, 2494). Such a culture stands in opposition to the revanchist ethos that poverty is a moral failure in need of removal from urban spaces. The fact that retaining low-income housing and a 'sense of place' for its inhabitants is a condition of the '36 Blood Alley Square' development reveals an ongoing transcendence of community demands into state policy, despite neoliberal imperatives.

2.3. Social Mix and Developer Contributions

Developer contributions are a prime example of both post-political handling (and thus handmaiden to a neoliberal apparatus) and tool for progressive social change (signaling socially progressive politics)

Helbrecht & Weber-Newth (2018, 119)

The advent of neoliberal policies in urban governance are associated with the 'rolling back' of social welfare and public services and the 'rolling out' of market deregulation and capitalist growth (Brenner and Theodore 2002; Peck and Tickell 2002). The neo-liberalization of urbanism led to several related processes that would have profound impacts on low-income housing production in the inner city: First, a shift in the role of the city from social reproduction to capital accumulation meant gentrification became part of a global urban strategy, one that would increasingly direct international capital flows towards property development (N. Smith and Derksen 2002). This in turn created inter-urban competition to attract mobile capital as well as the 'creative class',

encouraging cities to market themselves as livable, cosmopolitan, tolerant, and harmonious places (Peck 2005; McCann 2002). Mackenzie and Hutton provide a thorough account of the 'cultural regeneration' process in the Downtown Eastside's Victory Square district, warning that 'culture is never the sole motivation of this type of urban redevelopment - there are always political actors and market interests underpinning important programmes and experiments (2015, 11). As a result, various 'entangled strands of contestation are both resistant to and propelled by gentrification pressure' (ibid, 16).

While deregulation and market forces rolled in, the rolling back of the welfare state created a shortfall in funding for social housing and other public services, causing an increased reliance among municipalities on private developers to provide amenities that were once the responsibility of the state (August 2014; Stein 2018; Stabrowski 2015; Hyde 2018). As cities became capital growth machines, while facing increased financial constraints due to reduced funding from higher levels of government, affordable housing was increasingly placed in the hands of private developers in exchange for incentives. This creates a contradictory practice of 'tackling' gentrification by further enriching developers through tax breaks, subsidies, rezonings, and other bonuses in return for making a portion of units in new developments 'affordable' (Moskowitz 2018, 5). In the New York context, Stein elaborates on the central contradiction of the city's Mandatory Inclusionary Housing (MIH) policy, wherein the production of affordable housing is linked to rezonings that also produce an even greater number of market units on the same site, thereby causing dramatic rises in land value. Such 'land lift' leads to rampant speculation in the surrounding area and ultimately displacement, causing a greater absolute loss of affordable units than the direct number of units that were added to the original site (Stein 2018, 775). In Vancouver, the same criticisms were leveled at the Woodward's development, in which a rezoning brought 536 high end condominiums into a low-income area alongside 200 new non-market units. In their 2012 annual report on SRO hotels, the Carnegie Community Action Program (CCAP) claimed that within two years of Woodward's opening, the resulting climate of investment and speculation had caused rents in 442 rooms within a two block radius to escalate beyond their previous shelter rates, for a net loss of 317 shelter rate rooms in the area (CCAP 2016).

The drive towards 'mixed-income communities' as a means of to promote neighbourhood revitalization and urban regeneration has become the dominant public

policy tool for attaining both economic and social goals since the 1990s (Walks and Maaranen 2008; August 2014; Bridge, Butler, and Lees 2012; Lees 2008). As funding for social welfare programs declined, policy makers shifted their focus away from servicing and protecting low-income neighbourhoods and towards 'managed but inclusive gentrification' (DeFilippis 2004). The philosophy behind Vancouver's 'revitalization without displacement' strategy, introduced in the years following the Expo 86 evictions fiasco, was consistent with other 'social mix' policies in the UK (Urban Renaissance) and USA (HOPE VI), whereby market housing would be introduced into areas with historical concentrations of poverty and social housing (Lees 2008; Ley 2012). The belief was that 'tenure dilution' of low income neighbourhoods through the addition of market housing will produce not just economic recovery, but 'social balance' and diversity (Walks and Maaranen 2008). There is, however, an increasing gulf between the political orthodoxy in support of such strategies and scholarly research increasingly opposed.

Blomley (2004) argues social-mixing is a one-sided strategy that seldom advocates for poor people to be moved to wealthier neighbourhoods, revealing its aspiration to raise land and property values and promote entrepreneurialism and home ownership rather than actually integrate communities. Butler and Lees' (2006) research into different stages of gentrification in one London neighbourhood over a prolonged period suggests that while first wave 'pioneer' gentrifiers tended to be pro-social mixing, contemporary gentrifiers tend to be more individualistic and prefer sanitised and relatively homogeneous neighbourhoods. This is consistent with Moskowitz's assertion that 3rd and 4th wave gentrifiers bring the suburban, individualistic mentality into the city, with new buildings acting like 'vertical gated communities' (2018, 214). In the Canadian context, Walks and Maarenen (2008) did a 30 year study of neighbourhood change in Toronto, Montreal, and Vancouver and found increased gentrification had actually caused a reduction in levels of 'social mix', with elevated levels of urban social polarization. And finally, August and Walks (2011) argue that the political power and agency of low-income residents in 'mixed-income' communities is usurped as they become outnumbered by newer, wealthier residents. While such policies are justified by the state on the grounds that they reduce concentrated poverty and its associated ills, 'they will also eliminate important benefits that have been struggled for and nurtured, partly as a response to concentrated poverty' (2011, 322).

The stressing of a community's intangible social assets when it is under the threat of being broken up is also examined in David Ley's historical geography of social mix over a 50 year period (Ley 2012). Rather than being an overall critique, Ley looks at how a transformational logic has taken hold of the idea of social mix over time, from a progressive policy in the 1960s and 70s to a perceived regressive policy by some scholars and activists today. Whereas the policy was largely guided by a logic of desegregation and pluralism in its early years, its return in the 1990s was viewed more as a 'trojan horse' strategy by developers to increase property values in low-income neighbourhoods and a ploy by the state to disperse poverty and its political articulation. Ley's study reveals, among other things, that studying socio-spatial processes like social mix as they relate to the shifting contexts of gentrification over a prolonged period can yield insights not available in a shorter study. In a similar fashion, my study aims to capture the changing political economy of housing in the Gastown district of Vancouver's Downtown Eastside through shifting contexts of political reform and neo-liberalization.

Critics of neo-liberal urban governance tend to frame planners as de-politicized agents in the service of the 'real estate state'. Stein argues the role of planners has devolved from reshaping space to retaining investment, and that city staff now work alongside the real estate industry to identify rent gaps and encourage speculators to close them, or 'turn grit to gold' (2019: 51). But there is a growing body of scholarly work that explores planning techniques of land value capture, density bonus agreements, and developer contributions as evidence of planners' agency to leverage the profits from development activity and redistribute it towards public good (Shih and Shieh 2020; Helbrecht and Weber-Newth 2018; Wolf-Powers 2010). With an increasing amount of municipal revenues being 'captured' from rezonings, Shih and Shieh argue that the way in which planners wield their power to create, capture, and redistribute value in urban land development is widely determined by their conceptualization of development rights (2020, 385). Helbrecht and Weber-Newth (2018) add that in the relationship between the market and planning systems, the growing 'fuzziness' between what should be financed by the private and public sectors is largely defined by the way that communal wealth is defined within capitalist accumulation. Rather than viewing them through an exclusively neo-liberal framework, the authors suggest a 'hybrid' understanding of developer contributions through a dialectic: they are 'both powerless within processes of neoliberal

capital accumulation and deliver moments where planning is redistributive, channelling progressive politics' (Helbrecht and Weber-Newth 2018, 119).

As evidence of the agency planners have in the use of value-capture tools, Moore demonstrates that, despite similar implementation styles, Vancouver and Toronto secure widely different types of benefits from developers (2016). While Toronto's planners showed a preference for visual and recreational amenities, Vancouver tilted heavily towards affordable housing and heritage preservation. Moore credits Vancouver's decentralized decision-making process, where elected officials help set overall priorities but have limited involvement in the actual process of negotiations between planners and developers on what benefits will be attained, as a significant factor in the city's redistributive process. Shih and Shieh also commend Vancouver's capacity for securing public assets from developers in a comparative study with Taipei, including 1,900 social housing units and over \$1 billion in-kind amenities over a 10 year period (2020, 389). Overall a complex, discretionary, and case-by-case method that underpins Vancouver's value-capture mechanisms is evidence that planners are not simply passive subjects of neoliberalism.

There are, however, valid concerns about the marketization of planning and an over-reliance on rezonings to fund public amenities in the wake of state austerity. Confusion over the scope and measurement of developer contributions, the inconsistency in their practical implementation, reliance on the buoyancy of the property market to succeed, and a lack of transparency which provides the developer lobby an opportunity to frame negotiations to their benefits have all been raised as negative qualities (Helbrecht and Weber-Newth 2018, 122). Hyde argues that such policy approaches 'fold citizen welfare into the accumulation process and makes it contingent on increases in profitability', while the projected image of the altruistic developer works to 'conceal the negative effects of relying on the private sector to fund affordable housing, such as the gentrification of low-income neighbourhoods and the increasing involvement of development industry professionals in political decision-making without accountability to the public' (2018, 3). Gurstein (2018) also warns that in its growing dependence on revenues from CACs, Vancouver risks 'planning by rezoning', potentially sacrificing protected urban qualities for a financial return.

In assessing the current redevelopment of the 36 Blood Alley Square, and the application of redistributive planning practices that originated in histories of community resistance before they became standard agreements between private actors and public bodies, I finally draw on Helbrecht and Weber-Newth's (2018) notion of pragmatism under capitalism. Inspired by Harvey's concept of 'spaces of hope' (2000), the authors argue that, while flawed, developer contributions are still a substantial achievement in their ability to intervene in private property rights and prescribe land use for communal benefit. Furthermore, 'overlooking spaces of hope (such as mechanisms which steer against wholesale gentrification) is dangerous, because rigid, sweeping notions of what constitutes 'political' can paralyse us' (2018, 125). In other words, it is crucial to appreciate what works well under the current system of capitalist accumulation and creates the potential to challenge private land rights and speculative practices in ways that benefit the community.

Chapter 3.

Methodology

This study was designed to investigate how ‘conflict and co-production’ among state bodies, private actors, and community organizations shaped the evolution of the housing provided since the 1970s at the Stanley-New Fountain Hotel. I took a historical approach to this case study in order to establish a ‘long view’ of the shifting political economy of housing in one of Vancouver’s most contested neighbourhoods, with an aim to preserve a lively memory of the collective legacies that lead to the current redevelopment of the site. In order to situate the historic development and transformation of one SRO within the larger context of community housing politics, I examined scholarly literatures on the reformist political turn in the 1970s and early-stage gentrification; on intra-neighbourhood polarization and community resistance to displacement; and on the rising political orthodoxy of ‘social mix’ as a revitalization strategy and developer contributions as a redistributive tactic in the wake of government austerity. With my conceptual framework established, I created a timeline chart of significant events (both singular and larger processes) and actors (ranging from individuals to community organizations, corporations, and political parties) who came into relation around the site of the Stanley New Fountain and Blood Alley Square.

To structure the time chart, I began by identifying the three experimental approaches to social housing at the site. These consisted of the first private-citizen owned and funded social housing facility in the city (1972-79), the lowest barrier ‘housing first’ facility in the city (2003 - 2017), and the current ‘social-mix’ development employing a complex public-private partnership ownership and funding model and a rare social housing unit majority. There was also a period as a publicly-owned rooming house for low-income men that was more common for its time (1979-2001) that I cover briefly in the study. From there I wanted to know why these highly innovative but divergent models had come to be in this one particular facility. What changing political, economic, and social conditions at multi-scalar levels had precipitated such dramatic reconfigurations of how social housing was provided at one site over time? How did the shifting power dynamics among various actors and stakeholders in the neighbourhood inform the trajectory of this storied facility?

To answer these questions, I used a qualitative mixed-method approach of document analysis and semi-structured interviews. For the document analysis (see Table 1), I focused primarily on reports from the City of Vancouver, and well as internal communications, documents, and records of property transfers obtained through both the city archives and records that had been made publicly available through Freedom of Information requests. I also used reports from community advocacy groups and selectively examined media stories on both the Stanley New Fountain and related issues in the DTES over time. I complimented the document analysis with five semi-structured (see Table 2), ranging from 30 to 60 minutes each, with various respondents involved in both the history of the Stanley New Fountain specifically and the planning and production of social housing in the DTES overall. My objective was to interview people involved in different facets of housing, including non-profit service providers, city planners, state housing agencies, and private developers. Four of the interviews were conducted remotely using Zoom, with the process being recorded and then transcribed by myself. I conducted and transcribed one in-person interview in person, recorded using iPhone audio-notes.

3.1. Document Analysis

The majority of the documents I analyzed were reports and staff communications from the City of Vancouver, dating back the original consultant reports on restoring the Gastown neighbourhood overall and the Stanley New Fountain specifically and working chronologically through various housing plans and policy documents for the Downtown Eastside. For the archival materials from the 1960s and 70s, I complimented the primary documents with two secondary studies of archival material from Denhez (1978) and Leary-Owhin (2016), both of which dealt extensively with the earlier periods of my study. I also examined internal communications between City staff and various housing actors in the neighbourhood, obtained through both physical and online archival databases. A major breakthrough was discovering a collection of internal memos, emails, and records of the 2003 and 2013 property transfers between the City, PHS, and Westbank. This provided invaluable insights into the complexity of the negotiations between state, non-profit, and private parties involved, and provided a base from which to establish the line of inquiry for my interviews. I also examined reports from local housing advocate groups, especially the Carnegie Community Action Plan's (CCAP) annual survey of low-income

hotel accommodation in the DTES. With media reports, the *CBC*, *The Georgia Straight*, and *The Tyee* provided rich data on the challenges of SRO housing, with reporting from the latter publication's dedicated DTES correspondent Jen St. Denis providing invaluable coverage to enrich my findings. Finally, I examined tax records and property evaluations of the Stanley New Fountain and surrounding properties to gain information on the effects of real estate practices on neighbourhood land values over time.

Table 1 List of documents analyzed

Documents Analyzed	Source	Date
Consultant's Report on East Gastown Beautification Project	Birmingham & Wood	1971
Restoration Report: A case for renewed life in the old city	Birmingham & Wood, City of Vancouver Department of Planning and Civic Development	1972 (note: this is the second edition of this report. The original was published in 1969)
HOMES BC Program	BC Housing	1998
Sale of Stanley New Fountain Hotel	Greater Vancouver Housing Corporation	2001
DTES Community Monitoring Report	City of Vancouver (Planning Department)	2001
Housing Plan for the DTES	City of Vancouver	2005
2005/6 DTES Community Monitoring Plan	City of Vancouver	2006
Stanley/New Fountain Hotel Roof and Repairs	City of Vancouver/ Managing Director of Social Development	2008
2009 Survey of Low-Income Housing in the Downtown Core	City of Vancouver	2010

Downtown Eastside Local Area Plan	City of Vancouver	2014
Standards of Maintenance By-Law No. 5462	City of Vancouver	2014
Records related to the sale and transfer of the Stanley/New Fountain property from CoV to Westbank Access to Records under Freedom of Information and Protection of Privacy Act	Various emails between City officials and staff and correspondence with Ian Gillespie (Westbank) and PHS executive director and employees	2015
Housing Vancouver Strategy	City of Vancouver	2017
Single Room Occupancy (SRO) Revitalization Action Plan	City of Vancouver	2017
33 West Cordova Street (Complete Application) DE41919722-HA-2	City of Vancouver Planning and Development Services	2017
Redevelopment Case Study Series: New Fountain Shelter, Vancouver	BC Housing	2018
Heritage Incentive Program Policies and Procedures	City of Vancouver (Planning, Urban Design, and Sustainability Department)	2019
Downtown Eastside Plan: Three Year Implementation Summary (2017-19)	City of Vancouver	2020
Community Activist reports on housing	Carnegie Community Action Program, Pivot Legal Society	Various

Selected media stories	The Tyee, The Georgia Straight, CBC	Various
Property Evaluations/Tax Assessments	BC Assessments	Various

3.2. Interviews

To strengthen the validity of my findings and gain further insights into the complex dynamics between various housing actors, I conducted five semi-structured interviews with representatives from the non-profit, planning, state housing, and architecture sectors. Respondents were selected from across these fields to give a broad set of perspectives on housing dynamics in a gentrifying and polarized neighbourhood where development pressures are countered by robust community resistance. The data gathered from these interviews was invaluable in filling information gaps in the document record, such as the logic behind PHS’s decision to transfer the SRO to a luxury developer rather than the state, the inner workings of the financial and ownership partnership between BC Housing and Westbank, and the ways in which the developers navigated the complex development permit process. I was also conscious that the relations between some of the players involved were antagonistic and that could lead to bias in their responses. I chose to only include interview data that could be verified by a second source and left out some of the more contentious claims by one particular respondent when I could not confirm the information provided.

Table 2 List of interview respondents

Interviewee	Role in the Stanley New Fountain
Mark Townsend	Mark was a co-founding member of the Portland Hotel Society in 1993 and was its Executive Director until 2014. He was instrumental in establishing the ‘housing first’ approach, and was at the helm of the organization during the time it took ownership of the Stanley New Fountain in 2003 until it transferred the property over to Westbank in 2013.
Mariner Janes	Mariner was the co-manager of housing for PHS at the time of this interview. His first position with the organization was working at the Stanley New Fountain from 2007-2009.

Nathan Edelson	Nathan was a planner with the City of Vancouver for 25 years, including the Senior Planner for the Downtown Eastside from 1993 – 2008. He co-authored several of the key policy documents featured in my research, and provided insights into the ways planners mediated between the oft-opposing interests of developers and non-profits.
Raymond Kwong	Raymond is currently the Provincial Director for BC Housing's Housing Hub and previously the Director of Major Projects at BC Housing, a provincial crown corporation. He played a significant role in both the Woodward's and Stanley New Fountain redevelopments, and provided clear information on the complex funding and ownership arrangement between BC Housing and Westbank for the redevelopment of 36 Blood Alley Square.
Payam Achjae	Payam is Henriquez Partners lead architect for the new mixed-use and mixed-income development at 36 Blood Alley Square. He oversaw the design of the non-market and market housing, as well as the commercial retail units, heritage-façade retention, and integration with Blood Alley Square. He gave important insights into the design consultation process between market and non-market developers as well as the planning approval process with the City.

Taken together, I was able to construct a thorough examination of the changing conditions and dynamics in play at the site that informed the various innovative approaches to social housing over time. I was then able to place these changes in the larger contexts of various political, social, and economic processes that both shaped and were shaped by local factors on the ground, including heritagization and gentrification, polarization and community resistance, and the rise of Vancouver's 'revitalization without displacement strategy' as an attempt to secure place for the poor while still pursuing economic and real estate development opportunities.

Chapter 4.

A New Public Square and New Life for the Stanley and New Fountain Hotels (1968-78)

4.1. Application to Demolish

The Stanley (1906) and New Fountain (1899) hotels served as lodging for workers in seasonal resource trades at the turn of the last century. They were examples of the original 'mixed use' development in the area, combining commercial services (often saloons or outfitters) on the ground floor with short-term accommodations above. It was an operating model that would be revived in several iterations over the ensuing twelve decades with mixed results. The hotels backed onto Trounce Alley, running east-west between Abbott and Carrall Street, one of the oldest laneways in the city. The presence of the Travellers Hotel, Manitoba Hotel, and Rainier Hotel on the same block of Cordova Street illustrates the concentration of hotels that housed the largely male, transient working populations passing through and came to typify this section of the peninsula in the late 19th century. While the economy and social demographics of the area would undergo several transformations over the next century, the built form of the SRO would retain a key role in questions over housing, health, and rising tensions between 'economic development' and the community's right to remain.

In the 1970s the Stanley and New Fountain hotels would also play a key role in the reimagining of the area, embracing the restorative architectural movement of the era while not abandoning the neighbourhood's long standing, low-income population. This would prove to be an exception to the rule, as 'beautification' campaigns elsewhere brought great increases in property values and intensity in use at the expense of both low-rent activities and accommodations. Because of their attempt to reconcile revitalization with social housing, the hotels and adjacent square offer a unique case study on how matters of heritage, poverty, social housing, and development are inextricably woven through a range of coalitions and partnerships.

Over the 20th century, investment shifted westward in Vancouver's downtown peninsula and Gastown, and the Downtown Eastside would slide into economic stagnation and social decline. Vancouver also shifted from an industrial to post-industrial economy, leaving behind a largely single male working class tenant population in the old rooming houses (Sommers 1998; Hasson and Ley 1994; Proudfoot 2012). During this time the Stanley and New Fountain would continue providing cheap and basic accommodations for the community. The loss of the Interurban and streetcar systems in the 1950s, which brought roughly 10,000 commuters per day to the terminus at Carrall and Hastings, as well as the loss of the Union Steamships bringing commercial travelers to the foot of Columbia St, hastened the demise of a once vibrant entertainment and retail district on Hastings Street and the dereliction of many buildings in the Gastown/DTES area (Boyd, Campbell, and Culbert 2009). Residents became known as 'Skid Roaders' – most often single men who had retired on unindexed pensions and could not afford to live elsewhere than aging Single Occupancy Room hotels. As one planner remarked, "they had committed the worst crimes in our society: namely they were old and poor. In many cases, they were prisoners of their rooms" (Denhez 1978: 246)

In 1952 the hotels were acquired by Army and Navy Stores (A & N), whose flagship outlet was located across the street. Founded by the Cohen family in 1919, the A & N ownership had agreed to lease the hotels to the proprietors for the purpose of accommodating their tenants until 1968. A & N vice-president Jack D. Cohen was also on the board of directors for the Improvement of Downtown East Area Society (IDEAS), a big business and development lobby group founded in 1966 to promote urban renewal schemes to 'revitalize' the area (Leary-Owhin 2016; Punter 2004). Their slogan was 'Halt the Skid' and the modernist Project 200 scheme was their cause celebre. After a small fire in 1969, A & N applied to raze the hotels to make way for a surface parking lot directly opposite their store. The buildings were still structurally sound, and residents protested the proposed demolition and loss of low-income housing. In addition to their role in providing cheap accommodation, there was also a growing public sense of historic value in the hotels, when interest in neighbourhood preservation grew beyond area residents to include a mixed group of concerned citizens from across the city. And neither the landlords or Vancouver City Council were expecting the broad coalition of

actors who would emerge with petitions, protests, and presentations to council on why the hotels should be saved.

4.2. The Battle for Gastown

The backlash against A & N's demolition request was part of a wider citizen-led counter-project to the city's Project 200 proposal. The massive redevelopment would have seen a series of modernist office towers, apartments, and hotel units spread over 8 razed blocks of Gastown and accessed by an eastern freeway that carved through Strathcona, Chinatown, and the old 'Skid Road' neighbourhood. Its powerful private backers were led by Marathon Realty (the real estate wing of the Canadian Pacific Railway), the British-based development behemoth Grosvenor-Laing, and several local real estate, banking, and retail companies. The aforementioned IDEAS pressure group, which included directors from both A & N and Woodward's department stores, also firmly backed the plan. They were opposed by a loose coalition of community organizations, social activists, trade associations, historical preservation groups, and independent merchants facing displacement.

Starting in the late 1950s, fear among the property and business elites that downtown was becoming less competitive led to plans to cut out and rebuild large sections of the historic inner city (Hutton 2004; Punter 2004). Vancouver's modernization campaign, labeled Project 200, proposed 14 concrete slab office towers, 1000 apartments, and 600 hotel rooms along Gastown's waterfront and a 10-lane elevated freeway cutting through the heart of Strathcona and Chinatown before heading north above Carrall and west into downtown along the waterfront. Media discourse was heavily supportive of the proposal, with articles exalting the potential modernist utopia and disparaging the existing 'Skid Road'. However, many of these promoters of the area's destruction would later become its biggest boosters when an alternative strategy of 'beautification' emerged.

While many of the dominant accounts (Punter 2004; Beasley 2019) of Vancouver's reformist turn credit TEAM-era planners and politicians with reversing course on urban renewal, records show that citizen-led actions were the precursor and catalyst for this political change (Leary-Owhin 2016). In 1968, The Strathcona Property Owners and Tenants Association (SPOTA) successfully halted the slum clearance

project that to that point had resulted in demolition of several blocks of residential homes, and convinced the federal government to support a program of rehabilitation rather than redevelopment in the neighbourhood (Atkin 1994; Bruce 2005; Itter and Marlatt 1979). Meanwhile in Gastown and Chinatown a coalition of merchants, social activists, heritage enthusiasts, and academics pushed for the restoration and adaptive re-use of old buildings rather than destruction and 'renewal'. As far back as 1958, a loose association of Gastown merchants and residents began a campaign to 'clean up' the streets and restore the deteriorating buildings to renew interest in the area (Leary-Owhin 2016; Denhez 1978). These associations would later formalize as the Townsite Committee and the Gastown Merchants Association, coalitions of independent owners who were keen for restoration rather than 'renewal'. By the 1960s Vancouver's Community Arts Council (VCAC), the city's premier cultural organization, threw its support head long into the cause of preservation, organizing educational events, festivals, and walking tours to promote awareness of the area's historic value and counter the 'slum' framings by the political establishment and conservative media (Leary-Owhin 2016). The mobilization of these coalitions is consistent with the emergence of participatory democratic movements under post-industrial liberalism in other North American cities (Osman 2011).

It was also the VCAC that launched a petition to save the Stanley and New Fountain hotels when A & N's application for a demolition permit became public. The petition gained over 550 signatures in a matter of hours, further indicating to city council that public support for preserving the neighbourhood was growing. A delegation of residents who would go on to form the Gastown Residents Association campaigned for the hotels' preservation. And in May 1969 a young UBC professor of architectural history named Harold Kalman would speak before city council, arguing the hotels 'would play a uniquely irreplaceable role in the future of Gastown' (qtd. in Donaldson 2019b). Council, increasingly conscious that an alternative vision for the neighbourhood was emerging to compete with Project 200, opted to delay their decision on the demolition permit until more details of the 'beautification' plan came forward.

4.3. The 1969 Restoration Report

A month after Kalman addressed city council on behalf of the Stanley and New Fountain hotels, local architecture firm Birmingham & Wood would release its highly

consequential *Restoration Report: A Case for Renewed Life in the Old City* (Birmingham & Wood 1972). The report called for “beautification” as an alternative to the ‘major urban surgery’ of urban renewal and laid out a design for ‘heritagization’ that would be largely adhered to over the next decade. At times the report makes contradictory recommendations, veering from revanchist calls to remove ‘street drinkers’ and minimizing contact ‘between the shopper and the destitute’ (37) while also calling for measures to prevent displacement of low-income residents. This double standard may be due to the complex and uncharted territory of revitalization through preservation. But it could also be due to the competing interests of the commissioning bodies of the report: the pro-preservation Townsite Committee and Chinatown Improvement Group as well as the pro-demolition IDEAS and Vancouver City Council. What may appear as a case of strange bed fellows reveals the shifting power dynamics of urban development at play during this transformational period, as some elements of the old political and business guard were awakening to the economic potential of restoration over renewal.

Many of the historically themed alterations to the neighbourhood, including the addition old-timey paving stones and street lamps and the removal of overhead wires along Water Street and in Maple Tree Square, were outcomes of this study. The report also included ‘renovation sketches’ of Cordova Street (30-31) that included the Stanley and New Fountain hotels, with proposed alterations to the commercial frontages and the creation of an open-air ground floor arcade that would ultimately be carried two years later. To the rear of the hotels, the report called for Trounce Alley to be developed into a mews, modeled after Tivoli Gardens in Copenhagen, that would ‘provide the incentives for a full renewal of the block’ (26). The consultants urged the City to purchase the private property required to carry out the development, and within two years the city had acquired the area in question from the SNF owners in order to create Blood Alley Square.

While the report was largely a tool to promote the economic potential of restoration and adaptive re-use of both Gastown’s architecture and public realm, it did acknowledge the social challenges in the neighbourhood. At times it advocates for both economic growth and social inclusion, stating the area ‘must connect and support the retail activity on Hastings and must be able to accommodate the itinerant population that now uses its indoor and outdoor room’ (25). Some sections meditate on the sense of place and belonging the area affords to the city’s ‘marginal’ and ‘unwanted’, noting the

'old city is a living room providing low-cost living, tolerance, companionship and anonymity' (28). It also forecasts the 'disturbing consequence' of low-income populations being displaced 'as a declining area regains a new vitality' and calls to minimize resident 'dislocation by developing accommodation and supportive housing services for their life patterns with some personal dignity'. Along with laying out a physical blueprint that would largely be adhered to during Gastown's 1970s makeover, the report attempted to strike a conciliatory tone between its seemingly contradictory goals of economic development and social inclusion. Perhaps spurred by the incipient poverty politics signaled by DERA's founding in 1973, flickers of a growing sense of moral duty towards the poor in a policy document appear to rub up against purely economic arguments for restoration.

4.4. Heritage as an Alternative Development Strategy

The early regeneration of Gastown in the 1960s was a largely ad-hoc, informal affair, typical of 'pioneer' revival efforts in neighbourhoods across North America (Osman 2011; Bridge and Atkinson 2005; De Cesari and Dimova 2019). The process was led by a diverse range of actors with contrasting and at times contradicting goals: artists, activists, community organizations, entrepreneurs, property owners, and financial speculators (Leary-Owhin, 2016; Punter, 2004). By the end of the decade a more formalized approach was being planned at City Hall, backed by a consortium of private investors. The Town Group, led by developer Larry Killam, bought up 10 buildings in Gastown in the late 1960s with the express interest of increasing their value through an injection of both public and private funds and the removal of the long-standing, low income population (Donaldson 2019a). It was this organized business lobby, rather than the conservationists, small time merchants, and community groups, which was able to convince the NPA council to consider the economic potential of restoring the neighbourhood. Many had firmly backed Project 200 initially, but now saw potential in low-cost real estate that could be fixed up and converted into high-rent uses. So while heritage preservation may have begun as an innovative social and cultural approach, it ultimately became an alternative economic and property development strategy (Blomley and Sommers 2002, 41).

The scope of both public and private investment that arrived in the area was striking. Over \$3M in public funds was spent on the public realm improvements in the

area from 1966-74. Private investors, meanwhile, focused on the neighbourhood's structures: Between 1965 and 1973 the value of building permits increased from \$42,000 to \$971,000, or 2180%. From 1965 to 1974 the value increase was 3,300%, while the city-wide increase over the same period was just 59% (Denhez 1978: 247). As warehouse space and low-income hotels converted to trendy retail, office space, and loft apartments, property values soared: In 1966 the market value of all properties in Gastown was \$19.9M. By 1974 it was over \$60M, or an increase of 200% (ibid, 256). This had predictable effects on the both commercial and residential space of the area. The collection of artisanal 'hippie' shops and flea markets that had contributed to an informal 'bazaar' atmosphere were forced out by the end of the 1970s by dramatic rent increases. And over 400 units of low-income housing were lost to market conversions during the 'beautification' campaign, displacing a large section of the resident population further south and east into 'Skid Road'. Structural forces of neighbourhood change, through large public and private investments and new urban policy, were displacing both the long-standing community and the first wave of bohemian gentrifiers alike.

4.5. 'Advocate - Entrepreneurs '

Back on Cordova Street, Army & Navy's application to demolish the Stanley and New Fountain hotels to make way for a parking lot faced an increasingly formidable obstacle in the new coalition of preservationists and housing activists. The retailer agreed to sell the buildings to Harold Kalman, a young assistant professor of architectural history at UBC who had campaigned to save the hotels. Kalman had been working on an experimental plan to integrate the social housing component of the buildings with the commercial and architectural revival of the area (Donaldson 2019b). This involved a mixed-use development that would see commercial uses along the ground floor leased out and those revenues would subsidize the low-income residences above. A residents' association would also govern the facility collectively and any profits would be distributed amongst the residents (Donaldson 2019b). Kalman set up the Cordova Redevelopment Corporation Ltd (CRC) with three shareholders and partnered with a non-profit housing organization Residents of Gastown, whose membership was comprised of people who lived in the area (they were often referred to by the derogatory title of 'Skid Road Men') (Leary-Owhin 2016, 70). This would mark the first time a private, citizen-led group would seek to own and operate social housing in the city.

The CRC commissioned a feasibility study in June, 1970 for their new project from Birmingham & Wood, the same consultants behind the influential Restoration Report. The ensuing report not only gave the project a positive appraisal as a viable business and preservation project, but also took a normative stance that it was imperative to address the 'acute shortage of low rental housing the area...rapidly growing worse as Gastown is being developed as a fashionable "mod" precinct'.

The project provides an opportunity to deal with the housing problems of a group in urban society whose normal lot is to occupy the worst housing available in our cities, and to be forced out of any area which experiences revitalization. To give even a few of them the means to stand fast in their chosen area, and to have decent accommodation without the label of charity would be a significant contribution to humanizing the urban core (Birmingham & Wood 1970, 5).

The feasibility report argues that alongside the historic and commercial value of the project, there is an ethical principle to be upheld in providing local residents with space to remain in their neighbourhood and to do so in dignified accommodation.

Birmingham & Wood's partial consideration for the poor in their restoration report the previous year had taken on a new sense of urgency and conviction in their recommendations for the Stanley and New Fountain hotels. This increased ethical imperative may have been due to the clear social priorities of their client in this case, but it could also be reflective of the growing opposition to ongoing urban renewal efforts on one hand and dangerous levels of disinvestment on the other. It would be another three years before DERA would form and aggressively campaign for recognition and improved services for the low-income community in the area (Hasson and Ley 1994). But the content of the second consultant report, and the formation of the Cordova Redevelopment Corporation, reveal the political climate was already changing and middle-class opposition to modernist planning was reinforcing resistance from the community.

From an architectural perspective, the report recommended reorienting the hotels and commercial enterprises away from Cordova Street and into the newly proposed public plaza in the rear lane once the City had carried out the necessary demolitions and renovations to create 'Blood Alley Square'. This recommendation, which called for low-income residents to be centred in every day street life alongside commercial activity, was a departure from the consultant's recommendation to decrease interactions

between shoppers and ‘derelicts’ in their previous report. It also signaled a moral culture of the right to city, one that would become formalized in state policy from the 1990s onward. The four partners at CRC were encouraged by the appraisal, and raised \$300,000 to purchase the properties from A & N.

The new partnership between CRC and Residents of Gastown then sought to obtain a development permit for the project, which would see major alterations to both the exterior and interior of the historic buildings. It also took on an innovative funding structure, whereby the Residents of Gastown formed a non-profit society- the New Fountain and Stanley Residential Society – which operated the hotel and received 50% of the profits made by the CRC from the commercial uses on the ground floor (Leary-Owhin, 2016). This arrangement subsidized the rent for 103 residents, who paid between \$10-15 a week in an area that was rapidly gentrifying and losing hundreds of low-income units to market conversions. This technique of cross-subsidizing rents from commercial activity to fund non-market housing would evolve over the years, and be employed by non-profits including DERA and PHS in their facilities. It would later be elevated into complex funding agreements in public-private projects including the BC Housing and Westbank partnership at the same site five decades later (BC Housing interview, 2021). But the original innovation to create deeper affordability through a profit share arrangement got its start in the partnership between developers and a non-profit at the SNF five decades earlier.

The NPA dominated council of 1970 was not keen to have an entrenched group of low-income hold outs in their newly polished touristic centre, but the CRC was able to lay the groundwork and operate under the radar until the changing of the political guard and election of TEAM in 1972 provided a more supportive political climate. While enough funds had been raised for the purchase of the property and a unique profit share had been proposed to cover operational costs, significant capital was still required for the building's renovation into a mixed commercial-residential facility and its integration into the freshly ‘beautified’ district. The City agreed to buy a derelict garage at the back of the property for the purpose of demolishing it and creating a new ‘historic’ square, further evidence of the influence the 1969 Restoration Report had with the planning department. \$60,000 was paid by the City to CRC out of federal urban renewal funds for the doomed garage (Denhez 1978). A much larger and eventually controversial source of renovation funds came from the Canadian Mortgage and Housing Corporation (CMHC), which had

recently announced a \$200 million fund for innovative urban renewal projects. The Stanley and New Fountain restoration, now being handled by architecture firm Henriquez and Todd², was considered innovative because it ‘combined a cross subsidy mechanism of social housing with potentially high rental commercial floor space and the creation of new public space’ (Leary-Owhin, 2016: 73). After initially being turned down by the Crown housing corporation, the CRC was eventually successful in obtaining federal funding when the CMHC’s Pat Ferguson and Vancouver manager Kingston Ganong³ took interest in the project and secured a large low-interest mortgage that covered 95% of the total value of the properties (or \$777,700). As construction got under way, however, cost estimates began to inflate well beyond the initial budget and the four founding members of the outfit began to feel they were in well over their heads (Donaldson 2019b). Locked into their mortgage and sensing they were beyond their experience or expertise, Kalman and crew panicked and sold the Cordova Redevelopment Corporation to two investors from Winnipeg in 1971.

The sudden change of ownership in such a complex, federally backed project caused consternation among the various actors involved, particularly Vancouver’s city council and the CMHC. Investigations by the *Sun* and *Province* newspapers unearthed previous financial scandals involving the new owners and Ganong ordered a legal inquiry. Ultimately the accusations were dropped, the project passed the audit, and the Stanley New Fountain development was completed in 1972. It was managed by the non-profit Stanley and New Fountain Society, and initially the commercial ground floor businesses were profitable and subsidized the social housing upstairs. Unfortunately, the experiment began to unravel financially in subsequent years: An extensive 1978 study of Gastown’s heritage revival notes that the ‘conservationists’ who had purchased the two buildings had ‘hoped the commercial rental from the ground floor would subsidize rents on the upper floor. Although they obtained low-interest CMHC funding, this private project has been less than successful’ (Denhez 1978, 246). In 1979, the

² Henriquez and Todd, founded in 1969 by Richard Henriquez and Robert Todd, later became Henriquez Partners Architects. They would go on to design the Woodward’s project with Westbank, and return to Blood Alley to design the current Stanley New Fountain redevelopment

³ Kingston Ganong would go on to oversee the CMHC’s planning, development and operation of Granville Island’s conversion from a brownfield site to an experimental arts and culture centre based on adaptive re-use of industrial buildings in 1972 (one year after his involvement with the Stanley New Fountain).

Greater Vancouver Housing Corporation (GVHC) acquired the SNF from the CRC and converted it to non-market housing for low-income single men. Harold Kalman's experiment as an 'Advocate-Entrepreneur' was ultimately unsuccessful, but its legacy of attempting to reconcile 'heritagization' and social inclusion would have lasting effects in the area.

4.6. Reformist Planning and the Birth of Discretionary Zoning

One final innovation in planning from this era that would have major implications for development rights in the area was discretionary zoning. The exchange of development rights for public amenities began as an outcome of increasingly flexible planning processes in the wake of Vancouver's 1972 civic election. The Electors Action Movement (TEAM) assumed control of city council, ending decades of pro-business and modernization-minded governance by the NPA. Gerald Sutton Brown, the City's autocratic Director of City Planning who had spent two decades unleashing waves of urban renewal campaigns and enforcing strict single-use zoning, was replaced by Ray Spaxman. During Sutton Brown's time at City Hall, the creation of the Board of Administration (BOA) had consolidated planning power away from 34 aldermanic committees and into the hands of two unelected commissioners and the mayor. By 1961 the mayor was no longer involved in the BOA, giving final say on rezonings, development permits, and demolitions to the Planning Director and his predilection for slum clearance initiatives (Donaldson 2019, 108). The new director would take a decidedly more inclusive and flexible approach to planning, introducing a key policy that would shape development for decades to come: Discretionary zoning.

Discretionary zoning allowed developers to ask for a relaxation of existing zoning if they could demonstrate the project would benefit the surrounding community, and a percentage of the increased value would be used to fund local services (Moore 2016; Punter 2004; Beasley 2019; Hyde 2018) . This new flexibility allowed planners to respond to shifting patterns of land-use (and disuse) in the de-industrializing city and address growing social needs of the community on a case specific basis. A key innovation from Spaxman's era was the notion to leverage one use with another, particularly the cost-carrying of a lower value use by a higher value one in return for a reward, or bonus (Beasley 2019, 191). The changes implemented in this period through

discretionary rezoning also represented a shift in the moral and political culture of city planning, with an emphasis on socially inclusive and community-minded developments (Ley 1996). This stood in stark contrast to the previous planning order, which cast low-income neighbourhoods as 'blight' requiring surgical removal and whose residents were described as 'deportees' by the previous Planning Director (Donaldson 2019a, 113).

In the 1970s, discretionary zoning was largely confined to the ex-industrial waterfront and sought to develop inclusive housing for a socially and culturally mixed demographic on disused land. The process of inserting expensive market housing into low-income neighbourhoods would follow later as the political tides rebounded to the right in the following decade. In this sense, the meaning and application of social-mix changed within the larger contexts of gentrification. In the 1970s, social-mix was associated with progressive politics and a means to stop the segregation of the poor in large public housing development by increasing the production of housing co-operatives. From the 1990s onward the logic of social-mix would transform under neo-liberal urban regimes, and be associated more with conservative efforts to economically and socially 'revitalize' poor neighbourhoods through the addition of market housing and wealthier residents (Ley 2012).

Chapter 5.

Federal Retrenchment and Local Polarization

5.1. Enter GVHC

The Stanley New Fountain's trial as citizen-led social housing, owned and operated in partnership between a private developer and non-profit, would not make it out of the 1970s. In 1979 the hotels were transferred to the Greater Vancouver Regional District (GVRD), which ran them through their new social housing agency, the Greater Vancouver Housing Corporation (GVHC)⁴. As with other social housing sponsors, the organization operated through funding programs from senior government, which varied between Ottawa and Victoria in the ensuing decades. The GVHC operated the SNF as non-market housing for low-income men from 1979 - 2001, much in the tradition of other facilities in the area (Sommers 1998). However, in the 1980s and 90s significant demographic shifts would sweep through the neighbourhood and the GVHC's operation would ultimately be underfunded, ill-equipped, and eventually too overwhelmed to deal with the increasingly volatile security situation on the premises (GVHC 2001).

The social transition in the DTES was due in part to the increasingly polarized conditions between the now 'historically-designated' Gastown district and the concentration of social services and housing into the area around the Hastings Street corridor (H. A. Smith 2003; Blomley and Sommers 2002). The mass evictions and loss of low-income units due to the Expo 86 World Fair further demonstrated the vulnerability of area residents and has remained political touchpoint for community advocates asserting their right to the neighbourhood in the face of subsequent threats. The wide-scale displacement of local hotel residents due to Expo 86 would eventually lead to the enactment of hard-fought tenant protections and reinvigorated the community's will to resist displacement (Hasson and Ley 1994; Blomley 2004; Proudfoot 2012). In an effort to reconcile the opposing forces of speculation (as exemplified by both Gastown's 'revival' in the 1970s and the Expo-induced property development boom of the late

⁴ The GVRD and GVHC would adopt the new names of Metro Vancouver and Metro Vancouver Housing respectively in 2007

1980s - 90s) with the long standing, low-income community's right to remain in place, the City began pursuing a strategy of 'revitalization without displacement' through social-mix housing plans from the mid 1990s onward. All of these factors would coalesce around the Stanley New Fountain site in 2001, as the GHVC 'gifted' (or downloaded) the property to a new non-profit provider.

5.2. One Neighbourhood in Two Directions

Following the beautification campaigns and 1971 designation as protected Historic Area (HA-2), Gastown increasingly pulled away from the rest of the neighbourhood as a site marked for architectural rehabilitation, commercial growth, and social transformation. In the ensuing two decades a pronounced shift would take place, as revealed by the various social indicators in the neighbourhood: From 1986-96 the proportion of DTES residents over 65 years of age held relatively stable at 23% and 22%. In Gastown that proportion halved from 22% to 11%. Meanwhile the proportion of Gastown's population holding a university degree doubled from 5% to 10% during the same period (City of Vancouver 2001)⁵. The late 1990s brought a boom in Gastown condo development: 373 new units, built in either new or renovated buildings, more than doubled the number in the neighbourhood from 1996 -1998 (City of Vancouver 2005) By the 1990s Gastown was emerging as a separate residential and commercial community that stood in stark contrast with the greater DTES.

The Stanley was increasingly stretched across this socio-spatial divide. It was located just within the southern border of the HA-2 district, and had been included in the 1970s restoration and re-imagining of the area. But its low-rent use could not sustain its upkeep without a regular public subsidy, and it increasingly resembled the dilapidated rooming houses in the unprotected zone. Property tax records show the SNF's building value dropping to \$483,000 in 1992, less than half of its valuation a decade earlier.

⁵ As of the 2016 census, 32% of Gastown's resident population held a Bachelor's degree, well above the average of the City of Vancouver (26%) and Metro Vancouver (20%).

Meanwhile the land value of the site nearly doubled in the same period, a testament to the increasing development pressures in the area. While the publicly-owned, non-market SNF was more secure from the gentrifying influence of its increasingly upmarket neighbours than private SROs were, the revenues from shelter-rate rents were not enough to keep up maintenance on the ageing structure. In 2001, a report from the GVHC's Regional Manager to its Board of Directors recommending the immediate transfer of the hotels to PHS cited runaway costs being spent on a deteriorating security situation emanating from the hotel's new clientele (GVHC 2001).

In addition to intra-neighbourhood polarization between the designated 'historic areas' and the rest of the DTES, a demographic shift was also taking place *within* the low-income community. Starting from the early 1980s, the SROs that for decades had been home to an aging blue collar and largely white population became increasingly dominated by a younger cohort, including higher numbers of women, new immigrant communities, and in-migration of Indigenous residents from across the country (Sommers, 1998; Proudfoot, 2012). Starting from 1993 an influx of discharged patients from mental health hospitals appeared after a policy of deinstitutionalization was enacted with few community supports. Into this mix came the proliferation of heroin and crack cocaine, and with it the rapid transmission of HIV/AIDS and Hepatitis C (Boyd, Campbell, and Culbert 2009; Lupick 2017). Within a few years, the old 'Skid Road' district typified by aging resource workers living in rooming houses was largely replaced by a much more diverse and volatile mix of residents.

Heather Smith (2003) argues the simultaneous gentrification in Gastown that occurred in tandem with the explosion of service dependent populations in the DTES from 1986 -1999 were due in part to several municipal policies: the 1971 heritage designation, reinforced by several public and private revitalization schemes in the newly 'upgraded' areas of the neighbourhood; the fracturing of the neighbourhood into distinct planning areas resulting in intra-neighbourhood socio-spatial polarisation, and most notably the concentration of social services and low-income housing into the 'downgraded' sections of the neighbourhood; and the introduction of 'social mix' housing policies that would see low-income housing numbers capped (albeit with improved conditions) but market housing numbers increased. Added to this situation was the withdrawal of funding from senior levels of government for social housing in the early 1990s and the ability of the GVHC to operate the SNF became unviable.

5.3. Expo'86

While the shifting demographics of the neighbourhood were partly attributable to the aging of the existing population and wider processes of migration and settlement, the Expo 86 World Fair also hastened a sudden change in the residential profile of the area (Olds 1998; Hasson and Ley 1994). Starting in the early 1980s, DERA began sounding the alarm on the potentially displacing effect the fair would have on the neighbourhood's residents. Fearing that tourist demand for hotel accommodation could trigger evictions in privately owned SROs and rooming houses, the association partnered with the First United Church and the Chinese Benevolent Association to propose warehouse conversions to residential uses that would create new tourist rentals that could be converted to non-profit housing following the fair (Hasson and Ley 1994). The proposal, which would have eased pressure on nearby hotels and created additional low-income units after the exposition, was rejected by the Expo 86 Corporation. The City's Social Planning Department then allied with local community organizations in calling for a preventative rent freeze and 'no-eviction' legislation. Their motions achieved a tie vote twice in council, but were opposed by NPA city councillors. Finally, in 1986, as the forecasted evictions and rent increases took hold, Mayor Mike Harcourt directly petitioned the province to enable legislation that would protect hotel tenants from predatory landlords (Baker 2016). Again, the province refused to extend tenant's rights to people who lived in residential hotels, despite many having long term tenure.

The province and some city councillors, including future Vancouver mayor and BC premier Gordon Campbell, explained that their objection to tenants' rights being extended to hotel residents was because they believed such 'relocations' would help facilitate the redevelopment of the area after the fair's conclusion (Hasson and Ley 1994). Premier Bill Bennett declared the clearing of the 'slums' would be an additional benefit of the Fair. Olds (1998) elaborates that such openly revanchist statements by elected officials derived from a lingering political ethos that prioritized economic development over the basic tenant's rights of their own constituents.

A decision was made to allow the evictions to occur...because the world view of the politicians reflects a philosophy which values the exchange-value of housing over the use-value; a belief in the primacy of economic relations; a belief that the inner city must be redeveloped; and a belief that the Downtown Eastside residents do not live in a 'community' (Olds 1998, 16).

Somewhere between 800 -1000 SRO residents were evicted in the run up to Expo '86, and approximately 2000 low-income units were lost as hotel landlords predicted a windfall from tourists. The majority of the evicted were elderly, of fragile health, and poor. While only one death has been directly attributed to the evictions, both housing activists and the chief medical health officer at the time believe there were many others due to suicide or other medical issues (Olds 1998; Boyd et al. 2009). The fair was a brutal demonstration of the community's vulnerability when the opportunity for landlords to close the rent gap arose, and exposed the institutional weakness of the state in its failure to protect residents from such predatory practices. Despite efforts to increase tenant protections in the wake of Expo, a variation on this process would return years later as private SROs landlords repeated the pattern of evictions, renovations, and rent increases.

While DERA had enjoyed success in the 1970s and 80s in gaining political enfranchisement for the community and calling attention to the lack of enforcement of safety violations in SROs, the Expo evictions revealed a new urban reality in the neighbourhood. DERA had formed its own corporation to develop new units of non-market housing in the early 1980s, and in the wake of Expo it sought to counter the territorial threats of market developments by building housing co-operatives and proposed a 'non-profit' hotel model in the neighbourhood. By 1992 it had some 640 units under its portfolio, making it the largest landlord in the city's East End. Hasson and Ley (1994) note that while those achievements had been made possible with funds from the state, the initiative and innovation came from the community. DERA and PHS co-founder Jim Green explained the transition from protest group to non-profit developer as "socialism with a pragmatic face" a transition that came with his understanding that "solutions require access to power" (quoted in Ley and Hasson 1994, 186). This is consistent with Helbrecht and Weber-Newth's assertion that pragmatism can be found where concrete and emancipatory gains are being made under 'existing capitalism' (2018, 125). Access to power also helped foster relationships with sympathetic planners, as demonstrated in the alliance between DERA and the Social Planning Department in the lead up to Expo. These planners would go on to have increasing redistributive powers as developer contributions became a mainstay of development practices.

Nick Blomley argues that Expo 86 and the narrative of its evictions have become a political touchstone within the DTES, and one which is drawn upon frequently as a

warning of what could happen with other proposed developments in the area including Woodward's or the failed Seaport proposal⁶. By highlighting the actions of the landlords, the narrative "configures dominant property relations in a particular moral light, evoking the language of 'slum landlords', interested only in a quick economic return" (Blomley 2004, 51). This in turn strengthens the community's collective claim to the area as an ethical one, in opposition to the predatory and speculative real estate practices of private property rights. Overall, these shared histories of resistance and material experiences of displacement serve to strengthen the community's claim to the right to remain in the area. In addition, the Expo 86 World Fair is widely represented as a watershed moment for Vancouver's integration into global capitalist networks intent on downtown property development. Downtown Eastside activists, in drawing a line between new developments and the legacy of Expo 86, are able to position developers as 'bad outsiders' in the prolonged contest over the neighbourhood (Blomley 2004, 53).

5.4. 'Revitalization Without Displacement'

By the mid 1990s, planners were struggling to deal with a multi-pronged crisis in the neighbourhood. As social exclusion and homelessness intensified - exacerbated by the widespread loss of affordable housing across the city, the deinstitutionalization of mental patients, the growth of the drug trade, and neo-liberal retrenchment from social services - the city turned to 'social mix' of as part of an integrated approach to reverse the area's decline (City of Vancouver 1998). In 1995 the City began working on a housing plan to deal with the 'full range of needs' of the area over the following ten years. A central element to this planning process was the introduction of a wider mix of housing types in the area: the level of market housing would be increased from 2,500 to 4,500 units while the level of low-income units would be maintained at 10,000, with a goal to renovate or replace the existing supply. The majority of the market units added were slated for Gastown and Victory Square. The Draft Housing Plan was submitted in 1998, although its formal adoption was delayed as the impacts of substance abuse, the

⁶ In 1994 the Vancouver Port Corporation announced its proposal for 'Seaport Centre', consisting of a cruise ship facility, hotel, and casino. Backed by a consortium of Las Vegas-based casino developer Mirage Resorts Inc and local developer VLC Properties Ltd, the mega development would have been adjacent to CRAB Park and the bulk the city's low-income rooming houses. Fears over a repeat of the Expo evictions and a loss of affordable housing due to speculative development were re-activated in community efforts to halt the proposal. The plan was ultimately turned down by the province over concerns about the social impacts of gambling.

HIV epidemic, and crime rates became an emergency priority for City Council. Still, the draft plan laid out the new vision of 'revitalization with displacement' that would shape the long-range vision for the neighborhood, establishing the intent to 'complement' the low-income community by creating a mixed income neighbourhood that would 'support the provision of goods, services and employment opportunities for local residents of all incomes'. Aware that this would require a fine balancing act, the City pledged that managing the rate of change would be the key to protecting housing security without hindering revitalization efforts. It was also acutely aware that relations between the low-income residents living alongside the growing number of homeowners were increasingly strained:

Significant changes are happening within and around the area. Tension and apprehension have increased as the different communities feel threatened by these changes. Housing has been at the heart of the debates about change, as who lives in the areas is a large part of its future (City of Vancouver, 1998).

The adoption of a 'mixed-income' strategy for the impoverished was consistent with the growing trend in urban policies across much of North America and Europe (Lees 2008; Bridge, Butler, and Lees 2012; Walks and Maaranen 2008). While critics argued it was an attempt to break up poor communities and dilute their political power (CCAP 2016; August and Walks 2011), there were also pragmatic reasons for planners to pursue such projects. Under the financial constraints of federal withdrawal from social housing production, the City could facilitate the replacement of aging housing with new and improved units for tenants, with costs absorbed by profits from new market units (Ley 2012). By emphasizing a one-for-one replacement of old units as a foundational piece of the policy, the theory was that an upgrade of quality could still occur without a loss in affordable units. And in my interview with Nathan Edelson, former senior planner for the DTES, there was still a view that the exclusively public initiatives of the past were not successful and served to further segregate and stigmatize the poor (interview, 2021). As for criticism that social mix is a one way policy that seldom puts poor people in rich neighbourhoods (Blomley 2004), Edelson noted that its more practical to put more housing in medium and low income areas where land values are lower and yield more units, and it will be easier to provide the services and supports that the community can use in such locations (interview, 2021). Conversely, he argued that placing low-income residents into wealthy neighbourhoods without adequate supports, a long way from the

range of services and social networks that have developed in lower income neighbourhoods, would not serve them well.

The debate over social mix policy in the DTES would escalate over the coming decade, particularly as the rate of neighbourhood change became increasingly difficult for the city to manage in the face of escalating land prices. While much of the scholarly material on social mix makes valid criticism of the eventual polarization and cultural dispossession of the poor from their own neighbourhoods (Blomley and Sommers 2002; Stein 2018; August 2014), Vancouver's policy should also be viewed in the context of the beautification campaigns of the 1970s and Expo 86 evictions. At the height of the contraction of the welfare state and the financialization of the housing market, the city took steps to enshrine the right to remain in housing policy for the first time, albeit with the caveat that this would be partially financed by the addition of new market housing and wealthier residents to the area.

5.5. 2001: Exit GVHC, Enter PHS

In April 2001 the Manager of Regional Housing for the GVHC sent a confidential memo to the agency's Board of Directors recommending the sale of the Stanley New Fountain Hotel to the Portland Hotel Society for the nominal price of \$1.00 (GVHC, 2001). This option was recommended after being weighed against the viability of renovating the SRO units into self-contained suites or selling the property to develop alternate housing elsewhere nearby. The report details how the property rental rate of \$325 per month for SRO residents resulted in substantial operating losses averaging over \$100,000 per year. In 2000 the situation 'deteriorated significantly as a result of aggressive and intimidating activity of individuals involved in drug trafficking posing a significant threat to the safety of staff and residents' (GVHC, 2001). 24-hour security was required, inflating operating costs and compounding financial losses, while 40 units on the top floor were closed due to drug related problems.

The GVHC had done an evaluation of renovation options in 1999, at which time it identified a number of significant issues: Room sizes were on average less than 110 square feet, making long term tenancy a challenge. The design of the facility, including the 1970 renovation by CRC that merged the two hotels and created multiple access points, made it 'impossible for staff to maintain effective control over building access or

activity' (GVHC 2001). And the lack of staff access or visual surveillance at street level on both the Cordova and Blood Alley sides negatively impacted the property. The housing corporation also consulted with local non-profits and service providers, the City, Province, and local business groups whose major inputs resulted in recommendations to retain the building's focus on affordable housing and keeping it in the non-profit sector; increase the self-contained unit sizes to meet the City's minimum size standards; and redesign access points and giving staff control of grade level activity on both sides of the building. This multiparty engagement also advised that, should the building be sold to the private sector, the proceeds should be reinvested into the development of alternate housing in the Gastown area. Most of these recommendations would come to fruition in some form in the final redesign seventeen years later. I will address why it took nearly two decades to find the right conditions to follow through on these recommendations will be the focus of subsequent sections of this thesis.

The report concludes by advising the renovations required to make the SNF facility safe, livable, and financially viable would require 'a large capital investment and significant level of rent subsidy from the Province to maintain rent levels at the shelter rate. In the fall of 2000, BC Housing expressed interest in the buildings and retaining their use in the non-profit sector. The Province also indicated it would provide PHS with a unit allocation to fund the renovation of the property into self-contained units as per the preliminary plan developed by the GVHC. Ultimately, the transfer of the property to PHS would support several preferred objectives expressed by the City, Province, and community - retaining affordable housing on the site, reviving the commercial spaces on the ground floor, and re-orienting the layout to improve security and living conditions - while eliminating a long-term operating loss for the GVHC. However, all of these improvements, and the viability of the project overall, were contingent on provincial funding.

Two weeks after the GVHC report was sent to their board and the transfer to PHS was approved, a provincial election was called. And on May 16, the austerity-minded BC Liberals, under the leadership of former Vancouver mayor and real estate developer Gordon Campbell, defeated the incumbent New Democratic Party. Funding for the Stanley New Fountain renovation through the HOMES BC program was promptly cancelled, and the non-profit had been 'gifted' a sinking ship under the auspices of

forthcoming provincial help. With that option now rescinded, the private sector and the City became alternate lifelines in the provision of housing and shelter.

Chapter 6.

PHS: Housing First and the Politics of Necessity

6.1. 1993: Downloading and De-institutionalization

To understand why a public housing corporation would ‘donate’ an aging and problematic social housing facility to a non-profit group in 2001, it is important to trace back through the changing political economy of housing that led to the creation of PHS. 1993 would prove an impactful year in the realm of social housing, both across various levels of government and in the emergent non-profit sector. The austerity-minded federal Liberal Party, under Prime Minister Jean Chretien and Finance Minister Paul Martin, would cancel Canada’s national housing program that had funded some 10,000 units of new social housing per year since the mid 1960s (Sewell, 1994; Suttor, 2016). This would effectively leave Canada without a national housing strategy for the next 3 decades, downloading the housing portfolio to the provinces. In BC, the NDP stepped in with a provincial program that would continue to fund housing, although the lack of federal funds would mean a drop from 1,800 new social housing units per year to just 600 (Boyd et al, 2009: 83). Premier Mike Harcourt, who had also served as mayor of Vancouver from 1980-86 and been a supporter affordable housing, had fortuitously set up a Commission on Housing Options the previous year. The Commission recommended BC maintain its annual level of funding for new units, give priority to low-income families and people at risk of homelessness, and pursue ways to encourage municipalities to contribute funding and land. This would take on a renewed urgency with the federal withdrawal from social housing production the following year.

During the same period, B.C’s only long term psychiatric hospital was discharging a record number of patients. By 1993 the facility’s patient population had dropped to just 800, from a high of 5,500 in 1955 (Boyd et al., 2009: 80). A critical turn in the treatment of mental health, one that prioritized the return of patients to live in the community with support services rather than segregating them in psychiatric facilities, was largely responsible for the rapid de-institutionalization of patients happening across Canada, though B.C’s rate of closure was considerably faster than the national average. When the rate of hospital discharges outpaced the availability of support services in the

community, patients ended up either on the street or in lodging in the DTES. Larry Campbell, who had faced down this perfect storm of social conditions as a beat cop, chief-coroner, and eventually mayor, put it bluntly:

When we de-institutionalized, we promised these people that we would put them into the community and give them the support they needed. But we lied...I think it's one of the worst things we ever did. We said we'd put them in the community with care and help. Instead, we gave them medication and a bus ticket, and they came to Vancouver. Then they started self-medication with alcohol and, later, illegal drugs (Boyd et al 2009, 83).

The influx of mental patients into the neighbourhood, from B.C and beyond, at a time when federal housing allowances had downloaded to the provinces and a widespread loss of social housing was happening in other parts of the city, put incredible stress on an already fragile rooming network. Compounding this further, rapid growth in the drug trade, particularly in heroin and crack cocaine, saw a spike in overdoses, HIV and Hepatitis C rates, and the rise of 'concurrent disorders' - people suffering simultaneously from addiction and mental health issues (Lupick 2017) This demographic shift in the area from retired blue collar resource workers to a younger, more diverse, and increasingly volatile cohort also signaled a shift in the neighbourhood's political representation (Proudfoot 2012). The working-class ethos of DERA was replaced with the humanitarian and harm reduction approach of PHS.

6.2. PHS: A New Breed of Community Service and Political Representation

1993 would also represent a major shift in the way that social housing and services were developed and administered in the DTES. Jim Green, who had spent two decades at the helm DERA, embarked on a spinoff endeavour with new partners. Looking to adapt DERA's recent forays into non-profit housing development to the spiraling challenges of homelessness, addiction, and mental health, Green leased out rooms at the Rainbow Hotel (now the Pennsylvania) and secured funding from the Ministry of Health to provide mental health services to residents. Psychiatric nurse Liz Evans was hired to provide services for marginalized residents, and soon after Mark Townsend was also brought on to do some volunteer renovation work before being hired full time (Carrigg 2003). In an interview with Townsend, he recalls the three co-founders had been inspired by some ground-breaking housing initiatives in Portland, Oregon that

reduced barriers of entry for guests with behavioural issues and reimagined SROs as secured housing with wraparound community supports. In tribute, they called their nascent organization the Portland Hotel Society (PHS) (Interview, 2021).

6.3. A Housing First Approach

While there were already a host of non-profits operating housing services in Vancouver, PHS's arrival was notable for two reasons: the introduction of the 'Housing First' approach and the organization's rapid ascendance to become the dominant social service provider in the city⁷. The 'Housing First' approach essentially meant that residents could not be evicted for behavioural issues, which distinguished PHS from the more traditional organizations in the neighbourhood in the early 1990s. In an interview the City's Senior Planner for the DTES at that time, Nathan Edelson describes how non-profit housing providers up until that point had often been associated with religious organizations and operated their accommodation on a charity model that required abstinence from alcohol, drugs, or employment in the sex-trade. If you broke the 'house rules', you would be removed from their housing (Edelson interview, 2021). By contrast, PHS introduced a rights-based approach to shelter in response to the rising number of residents with concurrent disorders, and whose behaviour had made them ineligible for accommodation with other providers. There were other innovative organizations who came up around the same time as PHS, but none were as politically aggressive or pushed the low barrier approach to such extremes.

Mariner Janes, who worked at the Stanley New Fountain from 2007-8 and later became Senior Manager of Housing for PHS, believes political support for this 'new breed' of non-profit housing provider was a very deliberate strategy on behalf of the City and Province (interview, 2021). Faced with decreasing federal funding and a housing and public health crisis that was spiraling out of control, they realized that private SRO stock and traditional church-based shelters were not going to sustain the new population in the area. "People were constantly being evicted. The housing was of such low quality that (the City and Province) had a mind to turn it over to non-profits, hopefully for more responsible stewardship and for providing higher quality housing and services to those

⁷ In 2003 the organization would broaden its title to 'PHS Community Services Society'

who need it' (Janes interview, 2021). When state agencies found a non-profit partner willing to house rather than evict such residents, scarce resources became available. Two simultaneous vacuums created by the rolling back of state services in housing and mental health could be addressed in a more cost-effective way through the contracting of these once public services to the non-profit sector.

Under these new conditions, PHS was remarkably adept at growing its property portfolio and acquiring state funding. According to an investigation by the *Vancouver Courier* in 2003, PHS's 1996 financial reports showed \$2400 in assets, \$46,000 in revenue, and \$43,500 admin and staffing. By 1999 this had grown to \$5 million in assets, \$2.1 million in revenues, and \$1 million in admin and staffing. In 2002, assets had grown to \$13.6 million, revenues to \$6.8 million, and admin and staffing costs to \$3.6 million (Carrigg 2003) This growth was accompanied by deep political connections at the civic and provincial level: Co-founder Jim Green had gone on to become a City Councilor as a member of COPE in 2002. His partner Roberta McCann had been both a former president of PHS and former president of NDP MLA Jenny Kwan's riding association. Kwan's then-husband Dan Small had also been a chief executive of PHS. Jim O'Dea, Director at PHS from 1993-97, resigned after being appointed chair of BC Housing. Donald MacPherson, director at PHS until 2000, resigned to become Vancouver's drug policy coordinator. And Dr. Jim Thorstein, an inaugural director, resigned to join Vancouver Coastal Health in 2003. By the time the Stanley New Fountain was acquired in 2001, PHS was the most dominant organization in its field, commanding large amounts of government funding, a significant real estate portfolio, and becoming BC Housing's de facto provider of services for the 'hard to house'. And yet despite this productive relationship with some of its most substantial funding partners, the Society's relationship with BC Housing, Vancouver Coastal Health, and the City's staff was often fraught and adversarial (Dev 2014).

6.4. SNF Transferred to PHS

It was in this context of funding cuts and downloading that the GVHC 'gifted' the Stanley New Fountain to PHS in 2001. Despite warnings that the property was a liability and could threaten the Society's financial health, PHS agreed to receive a transfer of ownership from the GVHC in 2001. Asked why PHS would take on the risk of a building that was losing a million dollars annually, Townsend's response was twofold: preserve

existing welfare-rate housing stock and block new upscale market developments from coming into the area.

Just like any developer, you have to risk money. But we're not risking money to make money, we're risking money to stop the erosion of affordable housing and by affordable housing I mean housing that rents for a welfare rate⁸ (Townsend interview, 2021).

This tactic of calculated risk taking was part of a wider willingness by Townsend and PHS to elevate the non-profit toolkit from just providing social services to adopting counter-strategies of territorial expansion in the face of developer encroachment. It was a tactic first developed in DERA's playbook, but where DERA generally developed new non-market housing, PHS expanded into the acquisition of existing properties. And so, in addition to preserving shelter rate housing and reducing the accommodation barriers for marginalized residents, PHS was also actively involved in accumulating property in order to keep it out of the market. Townsend told me that PHS was "trying to dominate sites that were going to be gentrified." He elaborated that the Society bought "the building in Pigeon Park (the Merchant Bank building)" as an attempt "to block development." Similarly, the safe-injection facility "Insite was deliberately in the middle of the block to be horrific" to developers; "but of course," he added, "they still built condos opposite it because [development is] just an immovable force (Townsend interview, 2021).

Vancouver's lack of a cohesive plan and reluctance to intervene effectively in the market to create and maintain real affordable housing options had, in PHS's view, forced its hand into a territorial game of chess with speculators, developers, and planners in the neighbourhood. Around the four corners of Main and Carrall it had already acquired the Pennsylvania Hotel and historic Merchant Bank building⁹, in addition to owning the purpose-built New Portland Hotel and leasing out the Interurban Gallery. Extending this

⁸ The welfare rate, or 'shelter rate', is the portion of an income assistance payment allocated to accommodation. In BC, this rate has remained stagnant while rents have increased exponentially, meaning welfare recipients can no longer afford rents in the area.

⁹ The Merchant Bank building was later acquired and restored by Millennium Group, who also developed Vancouver's Olympic Village. In a nod to what PHS was keen to block, a 2017 listing for the renovated building states: 'The Merchants Bank provides the perfect opportunity for a keen restaurateur as well as high-tech office users to join this progressive and innovative area and to capitalize on Gastown's growing patronage and reputation as Vancouver's culinary and high-tech core' (<https://www.urbanyvr.com/merchants-bank-pigeon-park-restoration/>). As of 2021, it remains untenanted.

foothold a block north to the '0 block' of West Cordova, which hosted several private SROs and a housing co-operative, would fortify the buffer against the contrastingly upscale commercial and housing offerings along Water Street. Viewed through this lens, rather than that of financial best practice, accepting the gift of the SNF could be viewed as a tactical victory.

6.5. Exit NDP in Victoria, Enter COPE in Vancouver

PHS's ownership of the SNF would not last long, however, as shifts in leadership at both the provincial and municipal level shortly after the acquisition of the hotel would once more radically alter the political economy of housing in the DTES. The sudden funding withdrawal came after the relocation of tenants and preliminary work to convert the building from a dilapidated SRO into 53 self-contained shelter rate units was already underway. Now stuck without a funding agreement and with the building's interior partially demolished, the hotel would sit empty for over a year. The loss of a shelter rate facility in the neighbourhood came at a time of heightened public concern over rising homelessness and social distress in the DTES, compounded by the BC Liberals cuts to both housing programs and social assistance (Suttor 2016). This public concern translated into a resounding victory for the left-wing municipal COPE party the following year, which won 8 out of 10 council seats and upset the conservative incumbent NPA from power. And so in quick succession PHS had lost its support from the Province but gained a potential new ally at City Hall. In March 2003 this new alliance bore fruit, as PHS sold the property to the City for \$2 million, and the City turned around and entered into a 10-year operating agreement with the Society to manage the property and tenants. Crucial to later developments, the deal included an option for PHS to purchase the site back at any time over the ensuing decade at the same fixed rate of sale. BC Housing would also contribute \$500,000 for immediate repairs in order to get the facility reopened (City of Vancouver 2018).

The ability of PHS to sell an asset that it had been 'gifted', and turn around and be awarded a 10-year operating contract for the same property, raised some eyebrows among other non-profit housing providers and politicians who felt the process could have been more transparent. Accusations of favorable treatment and a lack of transparency had been brewing for some time, perhaps inevitable given PHS's rapid rise and deep political connections (Dev 2014). Other non-profit providers reported they rarely saw

Requests for Proposals come in before an operating contract between the City or Province and PHS was announced. Liberal MLA Lorne Mayencourt campaigned to have the organization's annual general meetings and board minutes made public, as well as their finances around several building acquisitions. The *Vancouver Courier* newspaper also began an investigation into perceived favouritism and a lack of public accountability (Carrigg 2003).

While PHS's services provided a social good, it was also politically expedient for the City and Province to have a non-profit partner who would keep some of the most volatile residents off the streets. Former planner Nathan Edelson was a PHS proponent, and he argued that the Society's strengths were multifaceted and its success was earned on merit rather than political connections. He said, "They could be politically aggressive in going after bold housing and harm reduction approaches, while also doing events to publicize the issues and supporting the development of like-minded organizations" (Edelson interview, 2021). One key area where Edelson believes PHS particularly stood out was negotiating arrangements with private developers at a time when value capture and developer contributions were increasingly becoming a cost of doing real estate business in Vancouver.

6.6. Developer Contributions and Social Housing Production

Starting in the 1990s, planners in Vancouver were faced with two divergent but related urban processes: social housing production was severely depleted by the withdrawal of the federal government, a program that was far beyond the monetary capacity of civic governments to replicate. And a windfall in profits was being created through the rezoning of waterfront areas for mega-projects in neighbourhoods like Yaletown and Coal Harbour. The simultaneous loss of funding from senior governments and surge in real estate values from rezonings prompted an adaptation of development policy to capture and re-direct a portion of those proceeds back into the community (Hyde 2018; Moore 2016; Shih and Shieh 2020). This involved a transformational approach to discretionary zoning practices from 1970s, with a heightened emphasis on capturing a portion of developer profits and redistributing them back as a public good.

In July 1990 the city received the authority to impose development cost levies as a condition on building permits. These were to be spent within the immediate area of the development, though new social housing developments were exempt. In 1991 the city's 'housing centre' was founded as a spinoff from the Social Planning and Properties Departments to focus on finding new production sources for social housing in the wake of decreased funding from senior government. Former chief planner Larry Beasley credits the housing centre head Cameron Gray with 'developing the complex approach to zoning bonusing and community amenity contributions that went beyond set values to employ proforma analysis of each private project in order to tightly calibrate what was offered to developers and received in return by the city' (Beasley 2019, 198). Planning scholars argue that this case-by-case, ad-hoc implementation helps maximize the yield of public amenities from projects while also creating an institutional space that invites local communities to express their demand for public facilities. Local interests are then further represented by planners in their negotiation process with developer (Shih and Shieh 2020, 389). While the city had limited financial means or support, it carried significant power in setting development rights and could therefore capture and redirect a portion of the great wealth at play for public use.

PHS' leaders proved adept at working strategically with developers at a time when Community Amenity Contributions (CACs) were becoming more widespread., Edelson reveals that PHS honed those partnership skills with Concord Pacific in the 1990s, a little-known fact (interview, 2021). Townsend confirms that when that Concord was looking to land its social housing unit requirements in the Expo Lands away from Yaletown and closer to the inner city, it began negotiations with PHS to look for ways in which such developer contributions, as required by the City, could be mutually beneficial for both organizations (Townsend interview, 2021). Due to local land economics, land value captured in Yaletown could yield a far greater number of units in the DTES and Terry Hui, head of Concord Pacific, began working with Townsend to allocate those units further eastward. Concord Pacific got to keep their waterfront sites for more valuable condos, and PHS were able to shore up more units and services in the DTES. PHS leaders were not concerned whether the motivations of developers were altruistic or opportunistic, or if such practices subordinated the welfare state to private interests: for PHS it was the politics of necessity that decided whoever could co-produce the most social housing units was the best partner. Viewed through this context, Helbrecht and

Weber-Newth's (2018) framing of developer contributions as a pragmatic tool that work both within the process of neoliberal capital accumulation while also operating under a progressive, redistributive logic for public good is perhaps the best framework to view PHS relationship to the private sector.

6.7. Option to Purchase

Why was the sale of the SNF required at all if the City was just going to turn around and enter into 10-year agreement with the PHS and give it the option to purchase the property back at any time over that period? The answer lies in the way the City uses its public land holdings to leverage public goods through its Property Endowment Fund (PEF). When PHS and the City looked at options for renovating and re-opening the SNF, the main obstacle was assigning financial roles and responsibilities between the two parties (Townsend interview, 2021). Until that time such costs for social housing had been born by senior levels of government. Because the City does not have the same financial capacity, it required equity in the project in order to release the necessary funds to make the Stanley livable again.

Since 1975, the City of Vancouver has been accumulating its own property portfolio, the Property Endowment Fund (PEF), which contains all the City's land holdings and is managed by its Real Estate division ¹⁰. While the PEF was originally created by the municipal TEAM party in 1975 to stop the NPA's selling off of city land holdings and create a fund to support public objectives, critics argue that its application had become more in line with neo-liberal real estate tactics by the time of the SNF sale (Antrim 2011)¹¹. The larger the PEF, the more the City can leverage in order to finance public works. So while the City could not just give PHS the funds to renovate and operate the Society's building, it could provide financing if the property was transferred to the City. In the meantime, PHS's finances were stretched with the loss of Homes BC grants on both the Stanley and several other projects, and they were content to sell the

¹⁰ A 2018 internal audit at the city assessed the value of the PEF at nearly \$6 billion (City of Vancouver, 2018)

¹¹ Critics of the way this fund is managed have pointed out two key conflicts of interest for City Hall: internally, since councilors can directly affect land prices through the power of rezoning; And publicly, since the fund makes the city into a real estate speculator with a vested interest in pushing property values up, which runs counter to the best interests of its affordability-strapped residents (Antrim, 2011)

building so long as they could guarantee it would remain shelter rate housing and would not be sold to a private developer by the City's Real Estate department. This concern was satisfied by the Housing Agreement and the Option to Purchase, though ironically PHS itself would use the latter to transfer the building to private developer Westbank 10 years later.

While the new partnership between municipality and non-profit began in a positive light, the looming problem of the building's physical condition became an increasing bone of contention between the two parties. In retrospect, Townsend is disparaging about the way the arrangement played out: "Because (the City has) ownership, it's easy for them to borrow money. So we leased it back from them but we became responsible for the upkeep. They wouldn't repair it. So effectively the City became a slum landlord" (interview, 2021). The dynamic between the two actors was now sliding into conflict mode and a new set of relations would be needed in the elusive quest to make the operation financially whole.

Chapter 7.

Woodward's: Collaboration out of Conflict

7.1. 2003: Re-tenanted

The Stanley New Fountain reopened in 2003 in order to house the last 'Woodsquatters', a group of homeless housing activists who had been protesting the redevelopment of the Woodward's department store. But the impact of the Woodward's protests and the subsequent public-private, mixed use, and mixed income redevelopment at that site would also have significant implications for the Stanley New Fountain down the road. The saga became another touchstone moment in the fundamental conflict of the neighbourhood, one which pitted the property rights of private developers against the community's right to the city, and pushed the planning tools of discretionary zoning and land value capture to new heights. The redevelopment also significantly reconfigured relations between neighbourhood actors, including state housing bodies, planners, private developers, non-profits, community activists, and local residents.

Woodward's impacted the redevelopment of the Stanley New Fountain on several fronts; It established a lasting partnership between Westbank (developer), Henriquez Partners (architects), BC Housing (public housing corporation), and PHS (non-profit) that would reunite for '36 Blood Alley Square'; It signaled a new era in planning in which CACs and Density Bonus Agreements were used to leverage social housing production in the absence of senior government funding; It marked the first time significant amounts of market housing were developed alongside social housing, affirming the city's new policy of 'revitalization without displacement' while sparking push back over 'land lift' and increased speculation in the area; and it created new templates for community consultation and stakeholder involvement in the development process. This chapter explores the significance of Woodward's to the SNF case study and public-private 'social mix' strategies in general.

7.2. Decline of a Neighbourhood Giant

When the iconic Woodward's department store closed in 1993 after 90 years, the community grieved the loss of an important neighbourhood hub. But it was the debate over the site's future that would engulf area politics for the next decade. Jim Green and DERA understood the significance of the site in the context of the rapid condo-ization that was occurring in neighbouring districts of the downtown core. Motivated to block any exclusively market-oriented developers from acquiring the site, Green sought financing to place 400 residential units in the old store, as well as community services and some retail on the ground floor (Edelson, interview 2021). However, a series of unsuccessful attempts to secure private sector partnership for the redevelopment followed, and the building remained empty. Shane Ramsay, the CEO of BC Housing who had worked with Green to formulate a mixed-use development proposal, explained that the reluctance of the market to get involved was in part due to the city's restrictive heritage guidelines, which at that time prioritized maintaining the historic (if dilapidated) streetscape at the expense of increased height and density, as well as the overall stigma of the neighbourhood (interviewed in Enright 2010, 273). Constrained by political, social, economic, and financial issues, it would take a full decade of protracted and highly politicized conflicts and negotiations before the final configuration of partners and development conditions would emerge.

7.3. '100% Ours'

Woodward's was sold in December of 1995 to Kassem Aghtai of West Vancouver-based Fama Holdings, a month shy of 3 years since closing. Fama promptly applied to redevelop the site into 350 upscale market condos, with no social housing component. While the proposal was supported by some local investors, business groups, and residents of market condos, it was a worst-case scenario for low-income residents and activists (Blomley and Sommers 2002). If successful, it would mark a major encroachment of the property development frenzy that had enveloped the neighbouring districts of Yaletown and Coal Harbour right into the physical and symbolic heart of the community. A key difference between those ex-industrial areas and the DTES was that as brownfield sites they had relatively few residents to displace in the race to condo-ization. The DTES, by contrast, was a long standing and tight knit

community that had already weathered the displacements of Gastown's 1970s 'beautification' schemes and the Expo 86 SRO fiasco and more recently seen significant flows of reinvestment into the commercial, residential, and cultural 'regeneration' of the area. As Hutton and Mackenzie note:

Woodward's has been Vancouver's beacon for conflict par excellence...(with) competing notions of ownership at stake, echoed in competing interpretations of the department store's historical significance, alternately framed as a symbol of an era before social problems became the dominant DTES narrative or as the very symbol of the area's decline itself (2015, 14).

Community responses to the sale of the building and failure to secure social housing initially involved some creative tactics: residents and anti-poverty activists started a 'clean up' campaign, sweeping the streets, cleaning up litter, and painting natural scenes along the dilapidated walls in addition to political slogans. Nick Blomley (2004) argues such tactics were used to counter the framings of the neighbourhood's deterioration as being due to the presence of poverty. Rather, it was abandonment by capital and neglect by absentee landlords that had left the streetscapes in ruin and the community was reclaiming them through acts of stewardship. These counter framings were an important means of refuting the revanchist discourse that poverty was a moral failure and that its subjects forfeited the right to urban space. As the protests gained momentum, these assurances would eventually transcend into state policy, creating a civic political culture that viewed the displacement of poor people, rather than poverty itself, as the real moral failure (Ley and Dobson 2008).

In 1996 the provincial NDP, led by progressive former Vancouver mayor Mike Harcourt, negotiated with Aghtai to rework the proposal into a mixed-income development in tandem with the City and provincial administrations (Lees, Slater, and Wyly 2008). It was a formative attempt at a large-scale collaboration between public bodies, private actors, and the non-profit sector to balance the mixed-motives of stakeholders in the area. BC offered \$25 million for Fama to include 200 low-rent units in the development. However, after a year of deliberations, Aghtai walked away from the partnership, bemoaning it had become 'too bureaucratic', and returned to the plan for exclusively market-housing (Blomley 2004, 41). Public hearings involved fierce opposition from many community groups, while support came from the Gastown Business Improvement Association and the Gastown Homeowners Association,

exemplifying the 'entangled strands of contestation' for the neighbourhood between low income residents and their newer, wealthier neighbors (Mckenzie and Hutton 2015).

The NPA council approved Fama's proposal, unleashing a wave of protests that would position a claim of community ownership over the site at the centre of their resistance (Lees, Slater, and Wyly 2008; Blomley and Sommers 2002; Blomley 2004). Protestors encircled the building with a human chain and surveyors' tape, and stenciled graffiti proclaiming 'community property', '100% ours', and 'Woodward's belongs to the people of the DES' communicated their position. Eventually the sustained campaign gave Fama second thoughts, and the outgoing NDP government bought the property from Aghtai for \$22 million. It was considered a major victory by proponents of social housing on the site and fears of a massive influx of middle-class residents, perceived to be hostile to the poor and prompting another wave of SRO conversions, were temporarily allayed. However, the purchase of Woodward's would also be a swan song act for the provincial NDP, who had sustained social housing programs since the Federal withdrawal in 1993. Their BC Liberal successors would not be so sympathetic.

7.4. The Woodsquat

When the austerity-minded BC Liberals came to power in the spring of 2001, under the premiership of former conservative Vancouver mayor Gordon Campbell, social housing development was frozen and the focus returned to private bids for the Woodward's site. The threat of the site sliding back into the hands of private developers after such a prolonged struggle for a community asset catalyzed a new round of protests. Woodward's became a flashpoint for citizen concerns over the new government's neo-liberal agenda, which saw drastic cuts to social programs. In September 2002, after a week of protests against 'the Liberal /corporate agenda' and their 'cuts and inhumane agenda', a number of activists and homeless people forced their way into the abandoned department store and occupied the building (Pell 2008). The 'Woodsquat' protest would last a week before police evicted roughly 100 squatters, forcibly arresting 54 people who remained in the building. A tent-city around the perimeter was demolished with 10 more arrests the same week. But a subsequent, larger tent city held the ground around the store until mid-December - 92 days after the Woodsquat had first started - and ended only when the City agreed to give the community a seat at the table in the consultation process for Woodward's

redevelopment and pledged to re-house the homeless squatters (City of Vancouver 2003). It was the promise to house protestors that would push the City to purchase the Stanley New Fountain from PHS and re-tenant it a few months later.

The municipal election in November 2002 brought a resounding victory for the progressive Coalition of Progressive Electors (COPE) party, signaling an inversion of the political dynamic between the entrepreneurial city and socially-minded province in the space of a year. Significant for the future development of Woodward's and the neighbourhood, many in the new civic administration had deep ties with the DTES. In the meantime, the province had made a bid for the 2010 Olympics a top priority, and the persistent unrest emanating from Hastings and Abbott was becoming an embarrassment to their campaign. In January 2003 the province sold Woodward's to the city for \$5 million, with a promise to fund 100 non-market units in its future redevelopment (Blomley 2004). Much as when the provincial NDP had bought the building from Fama Holdings, the acquisition of Woodward's by a COPE led-city from the BC Liberals was viewed as a significant victory by housing activists in Vancouver. The city then announced its intention to redevelop the site as a mixed income, public private partnership and put out a request for proposals from local developers for a design competition

7.5. Woodward's Redeveloped

A decade after the closure of Woodward's, the new city council adopted a Project Framework and Public Consultation Process that sought to reconcile the broad and oft-opposed interests in the community, noting that 'Woodward's continuing dereliction benefits neither the area's low-income community, property owners, or businesses' (City of Vancouver, 2003). Chris Macdonald, Director of UBC's School of Architecture, argued that the unprecedented level of community consultation on the project, including several months of extended workshops and invitations for community comment, 'held the capacity to engender a meaningful degree ownership of the project' which '*could effectively deflect the project from the conventional charges of aggressive gentrification*' (quoted in Enright, 2010). It is a revealing comment on the role of consultation as both a mechanism to democratize development while also a means to legitimize controversial projects by heading off criticism. Nonetheless, the inclusion of so many seasoned activists in the consultation process, including Jim Green as the co-chair of Woodward's Steering Committee, did show serious commitment by the City in bringing the community

into the development process. In a report to city council, the committee made clear their intention to use consultation as a tactic to reconcile the neighbourhood's historically opposed forces:

This process is not a perfunctory formality, but rather it is an effort to ensure that the project will serve the needs of both the Downtown Eastside and the broader community. A critical objective of the public consultation process is to restore confidence that revitalization of the Downtown Eastside is underway and that this will take place in a way that will meet the needs of existing residents, while also creating opportunities for investment (City of Vancouver 2003).

Several of the consultation strategies developed for Woodward's, including project information and promotional activities, targeted outreach, ideas fairs, and open houses, would be replicated in some fashion for the SNF redevelopment a decade later, and open houses for the SNF consultation process were held in the Woodward's atrium.

In July 2003, the Woodward's Steering Committee issued a Request for Expression of Interest for the site and invited proposals from developers, tenants, non-market housing sponsors, and community groups (City of Vancouver, 2003). There was significant interest from major private developers and non-market housing sponsors, and ultimately the proposal from Westbank Projects/Peterson Investment Group won the bid in September 2004. Its design was done in partnership with Henriquez Architects, and PHS had been brought in as a consultant and community partner to address the needs of the low-income community. Westbank also sought to placate heritage advocates by retaining the original 1903/08 building¹². Although the RFP had only stipulated for 100 social housing units, Westbank's proposal showed the potential to double that if increased height and density could be granted for the market housing component as well. It would prove to be a very effective negotiation strategy at a time when public funds for social housing construction were limited and discretionary zoning bonuses were on the table. The developer also requested significant tax and levy allowances totalling \$ 8 million and a transferable off-site heritage density bonus that would provide a further \$8.4 M - \$10.1M. Westbank also assumed the province would fund the non-market housing shortfall of between \$5.6 M and \$7.3M. Finally, the proposal

¹² Harold Kalman, now an esteemed heritage consultant, was brought in 3 decades after his foray into social housing development at the Stanley New Fountain to advise on how to retain and incorporate the original 1903/08 Woodward's building into the new development

recommended the formation of a Woodward's Community Advisory Committee (WCAC) to ensure the ongoing participation of various community stakeholders in the process (Enright 2010). Overall, Westbank's negotiation tactic was successful, and it was granted the requested development rights and bonuses required to bring them in as a partner on the project with the City and Province.

The final configuration of the development would see 536 condominiums, 125 single non-market units operated by PHS, and 75 family non-market units operated by the Affordable Housing Society, as well as commercial outlets, non-profit space, government offices, a day care, public atrium, and a university campus. This marked a significant increase from the original proposal of 385 condos and 100 social housing units, and doubled the proposed density. All 536 strata units sold within 12 hours of going on the market, spurred on by local marketing guru Bob Rennie's slogan for buyers to 'Be Bold or Move to Suburbia' (Enright 2010). Some proponents of the original smaller-scale plan, including Senior Planner for the DTES Nathan Edelson, felt this revised proposal was too big and the ripple effect of that many condos in the neighbourhood would outweigh the positive impact of the additional non-market housing units (Edelson, interview, 2021). For its part, PHS supported the revised proposal on the grounds it would deliver more social units, a move that would earn criticism from some anti-gentrification activists who viewed the trade-off as settling for 'crumbs' (Ward 2014). Ultimately council voted to approve the increased density of the project, arguing that the sustained cutbacks from senior levels of government created a desperate need for more non-market units. This marked a major turning point where CAC's came to be seen as a way to provide housing and other essential services by the local government in Vancouver (Hyde, 2018). In the waterfront megaprojects of the 1990s, CAC's and density bonus agreements would include a portion (generally 20%) of non-market housing but were widely targeted towards the creation of amenities such as parks and community centres. With the arrival of 2002's COPE council, and the continued withdrawal of senior governments from social program funding, such land value capture tools would take on a more concentrated social focus.

7.6. A New Template?

Woodward's marked a turning point in the politics of neighbourhood development that saw community activism, land speculation, and the exchange of development rights

for social services coalesce around varied and opposing visions for the site. This opposition culminated in the 'insurgent citizenship' of the Woodsquat, in which citizens who were powerless in the arena of capital were still able to claim their right to the neighbourhood and in the decision-making processes of its future (Pell 2008). They rejected the 'false choice' facing low-income communities of long-term disinvestment and neglect or gentrification and displacement. This was done in part by challenging the notion that poor residents were to blame for the neighbourhood's dereliction and that it could only be 'saved' by economic development. Rather, they counter-framed the dereliction as abandonment by capital, while the low-income community had remained a steadfast pillar and established a collective ownership of the area (Blomley 2004). Whereas the community had been relegated to displaced subjects in previous waves of redevelopment, they were now asserting their right to remain in the area and attained several key victories including: blocking the exclusive condo development by Fama and spurring the sale of the property twice to a socially minded government body; Gaining a seat at the table in the community consulting process for the future development; Adding 200 units of newly built non-market housing; and having homeless protesters housed at the reopened Stanley New Fountain.

Meanwhile the private real estate sector was also able to make some key gains with the construction of multiple high towers and hundreds of housing units in a previously restrictive area of the city. While Fama balked at the bureaucratic complexities of developing the site, Westbank saw opportunity in the discretionary zoning bonuses that could be exchanged for the construction of social housing alongside strata units. In addition to the increased development opportunities that would avail themselves to developers willing to take on socially-mixed projects, the narrative of being a 'community-minded' company would also earn Westbank significant social capital that could be exchanged for favorable consideration in future projects. Hyde (2018) terms this strategy accumulation-through-altruism, or 'giving back to get ahead', and warns of an increasing reliance on private developers to deliver social amenities that were previously provided by the state. Various interviewees in the planning and housing sectors echoed this sentiment, although they were wary to discount Westbank's motives as being purely cynical. A BC Housing executive, who worked on the province's partnerships with Westbank at both Woodward's and the SNF, believes 'Westbank does have a social conscience' and that their interest in these projects is part of 'paying back

forward' some of their success from their luxury developments into the community. He also acknowledges it is strategically sophisticated for the developer to keep a 'trusting and good' relationship with BC Housing because the developer sector is relatively small and 'what goes around comes around' with regard to future projects and negotiations (interview, 2021). Mark Townsend of PHS agrees, saying 'Ian (Gillespie) actually does want to make a difference. He wants to think he's doing a good job. Now it also suits him because it's good PR with the city to say 'I bailed you out on Woodward's so give me density here' (interview, 2021).

In their discussion of Woodward's as a case study in neoliberal urban practice, Smith and Derksen argue BC Housing 'functions not so much as a provider of public housing, but as the facilitator of the redevelopment 'partnerships' of the various groups and developers on whom social housing will be either off-loaded, or offered for potential profit (2002, 86). And while the state at the provincial level acts increasingly as a broker, at the municipal level it operates to mediate between the various stakeholders and ultimately adjudicate on what the final form and housing distribution will be. Having a progressive civic administration, with several councillors and a mayor who had deep ties to the DTES, meant the terms for what could be offered in return for social amenities was significantly different from under the previous NPA administration. The rigid restrictions that prioritized preserving the historic streetscape, and which had hitherto limited the economic viability of development proposals, were now negotiable for the right community contribution. And a decade of conflict and contestation was finally navigated through a complex and highly politicized process of negotiation and planning.

However, a key component of the city's 'revitalization without displacement strategy' was managing the *rate* of change in a way that would protect housing security without hindering revitalization efforts. Rezoning one of the most depressed blocks in the city for over 500 strata units can hardly be viewed as incremental change, and the ratio of condos to social housing inevitably triggered significant 'land lift' on surrounding property values. So while Woodward's may have delivered a significant number of non-market homes, it also made the financing of future non-market homes in the area much more challenging unless the city was able to 'donate' the land. Equally important, the ratio of market to social housing units accelerated the social transformation (and for many, cultural dispossession) of the neighbourhood by extending the catchment area of the 'upgraded' zone up to Hastings Street. In the following chapter, I examine the

deteriorating social conditions and economic challenges that compounded in the first decade of the 21st century, eventually triggering another reconfiguration of actors and operating models at the Stanley New Fountain.

Chapter 8.

Housing First to the Limit (2003-2013)

The 10-year period during which the PHS ran the Stanley New Fountain under an operating agreement with the City (2003-2013) would see the non-profit's 'Housing First' model test the facility to its structural and operational limits. At the same time, low-income housing in the neighbourhood came under increasing threat due to closures, demolitions, and conversions because of increased competition for rentals in the city. During the same period the City sought to expand protection of low-income housing stock through the 2003 SRA demolition or conversion by-law, although conversions and rent hikes still occurred with alarming regularity in private SROs (St Denis 2020; 2021b). Meanwhile, planners extended their push for 'revitalization without displacement' in the DTES by recommending an increase in market housing production in the area while improving, but not increasing, the number of low-income homes. Developers capitalized on the City's new Heritage Incentive Program (HIP), which saw further upgrading and conversions of buildings adjacent to the Stanley for highly lucrative uses. The flurry of heritage conversions and market projects, as well as the completion of the Woodward's development, resulted in considerable property-value increases and land lift, turning up the pressure on SRO and non-market hotels and increasing speculation in the area. Finally, a push back against Woodward's-style 'social mix' projects would again bring activists, planners, and developers into tense relation around the City's new policy direction for the neighbourhood. Despite this opposition, PHS would look to the private sector to partner on a new proposal for the Stanley New Fountain as the expiration of the Operating Agreement loomed.

8.1. 'The Bedbugs Were Holding Hands'

In May of 2003 the SNF was re-tenanted with the remaining Woodward's protesters and would become known as the 'last stop' for Vancouver's hardest to house citizens over the ensuing decade. Mariner Janes, former Senior Manager of Housing at PHS, first became involved with the Society by working overnight shifts at the Stanley New Fountain in 2007, in a role he recounts as 'a weird combination of security guard, janitor, and unqualified psycho-pharmacologist' (interview, 2021). Janes describes the

facility as “definitely the lowest tier of housing you can acquire. It was really only housing in the most technical sense of the word.” PHS’s original 2001 plan to gut the building and turn the 80 closet-sized SRO rooms into 53 self-contained units, was halted when the Homes BC grant was withdrawn. Instead, in 2003 PHS had to make do with a smaller \$500,000 grant from BC Housing to prepare the old rooms for the Woodsquatters. The 80 rooms, split between roughly 50 one on floor and 30 on another, were served by just 4 washrooms on each floor. The buildings, now over a century old, had not seen significant renovations since being merged in the 1970s. Plumbing was deficient, leaking grey water onto customers in the nightclub below, and conditions in the washrooms were often so unmanageable that an entire floor would be left with only 1 or 2 toilet facilities. Janes recalls that the “building condition was permanently atrocious...it was like keeping your finger in the dam with repairs. My co-worker would joke that the only reason the building didn’t fall down was because the bed bugs were holding hands (Interview, 2021).” City inspectors would visit and point out violations, and staff would respond by pointing to the age of the building, volatility of the tenants, and the reluctance of the landlord (who also happened to be the City) to fix larger structural problems. Giving an example of the behavioural and maintenance issues that staff would encounter, Janes details how ‘we had one guy who just took a sledgehammer and made a ‘door’ to the next room so he and his friend can hang out. What can a maintenance team do with that?’

All these factors made the Stanley a particularly challenging site to manage, even in the continuum of PHS housing. It was reserved for folks who had been ‘bounced from everywhere else’ due to behavioural issues or addiction and mental health complexities. In addition to the regular tenants, it would house people right off the street who were sleeping rough in Blood Alley, particularly during the winter months. Guests were dealing with conditions from borderline personality disorder to schizophrenia that were often combined with substances like crystal meth, crack cocaine, and heroin (Janes interview 2021). Weapons, assaults, and thefts were frequent, with police visits and mental health care teams coming and going frequently over a 24-hour period. As additional labour costs began to push operational costs into the red, BC Housing eventually agreed to fund a second 24/7 staff position in order to help the facility to operate on a break-even basis (City of Vancouver 2008). While this would help alleviate some of the staffing pressures, the physical deterioration of the building was a

substantial obstacle that eventually led to the deterioration of the relationship between the owner (City) and lease-holder (PHS).

Under the 2003 operating agreement, responsibility for structural issues fell to the landlord while PHS was responsible for daily upkeep and smaller maintenance issues. Despite this, PHS sources I spoke to claimed their pleas for the City to fix items such as roof and plumbing issues went unheeded, and PHS would eventually pay for emergency repairs themselves and apply for a reimbursement. City documents approving the reimbursement the following year appear to confirm this (City of Vancouver 2008). Townsend recalls that PHS actually reported the problem to the City's inspectors as a means to force City Hall's hand in paying for repairs: "we had stuff pouring through with water but they wouldn't repair the roof. So in the end I got the city inspectors to inspect it and put an order against themselves" (interview, 2021). While the City's 2005 DTES Housing Plan pledged to take deteriorating SROs out of private ownership in order to improve their condition, Townsend describes the City's refusal to repair major structural issues at the SNF as the behaviour of a 'slumlord'. Increasingly frustrated with public ownership as the end of the operating agreement loomed, Townsend met with Westbank CEO Ian Gillespie to explore the potential of a Woodward's-style partnership between the developer and the non-profit involving the Stanley New Fountain and nearby 'Only' site¹³. Negotiations between the two men, both viewed as unorthodox and slightly eccentric leaders in their respective fields of housing, would translate into the eventual redevelopment, albeit in a very different form than originally proposed.

In December, 2008 the City agreed to reimburse PHS for repairs done to the roof the previous year, and approved a proposal to enclose the arcades along both the Cordova Street and Blood Alley frontages with wrought iron security fencing, so long its look was 'appropriate to Gastown' (City of Vancouver 2008). The ground floor commercial tenants were finding it increasingly challenging to operate due to illegal activity and camping occurring along the storefronts. Revenues from those businesses were a crucial funding source for the housing above and, along with the SRO rents, were responsible for covering all the operating costs of the facility. In a report to city council, the Managing Director of Social Development recommended approval for both the

¹³ Named after the 'Only' seafood restaurant that had operated at the site for 92 years before closing in 2009.

roofing and security fence costs while also acknowledging that PHS had begun to incur some annual operating deficits at the facility (City of Vancouver 2008). This ran counter to the operating agreement, which stipulated that the SNF be operated on a break-even basis with all costs to be covered from the SRO rents and ground floor commercial space. The report also accounted for the two main causes of the financial deficit: Additional staffing required to manage the tenants, and ongoing maintenance costs due to the age of the building and significant time since any major renovations had occurred. Finally, after acknowledging that the building was in dire need of a full renovation, the report concluded with very similar recommendations to the GVHC's call to action a decade earlier:

The 10-year operating agreement with the PHS ends in 2013, and it was intended that within that term funding to renovate the building and replace its SRO rooms would be in place. With the Province recently buying a dozen SROs in the area for conversion to social and supportive housing, and several new social and supportive housing to be completed in the next couple of years, it is hoped that the tenants in the Stanley/New Fountain can be relocated and the building renovated either as social housing, market rental housing, or sold with the proceeds used to build new supportive housing elsewhere in the area (City of Vancouver 2008, 3).

The report had two key revelations: it conceded that the City was responsible for fixing big ticket maintenance issues, which had been left to fester in the five years since reopening. This in turn had contributed to PHS's inability to keep the operation financially self-sustainable. And despite two changes in ownership and a restructuring of the operating model, the situation had continued to deteriorate since the GVHC's tenure, largely due to the withdrawal of the provincial grant required for renovations. Despite its resourcefulness, there were obviously limits to what PHS could accomplish in such a building without a capital injection to renovate or deeper subsidies for operational costs.

8.2. 'This Area Has Been Discovered'

In their exploration of the DTES as a site of contested material and cultural possession, Blomley and Sommers (2002) state the area is frequently miscast as having been 'passed over' during the city's post-industrial transformation. The authors counter that rather than being a space 'outside' of Vancouver's new-found prosperity, it is the flip side of the neo-liberal coin.

That which characterizes the neighbourhood – the open drug market, the deepening poverty and desperation, the run down streetscape – are products of the same forces which induced the proliferation of condo towers, art galleries, restaurants, cafes, nightclubs, townhouses, heritage neighbourhoods, and inner city middle class consumers (Blomley and Sommers 2002, 53).

In the remaining sections of this chapter, I establish how Single-Room-Accommodation (SRA) facilities, and the people who rely on them as a final resort before homelessness, came under increasing duress from conversions, closures, and demolitions at the turn of the 21st century. This downward pressure on the neighbourhood was the result of larger macro processes, including the financialization of the housing market, city-wide rental shortages, and changes to welfare policy that would profoundly impact people experiencing housing precarity. Although the SNF was insulated from gentrification pressures as secured social housing, it still faced financial constraints due to disinvestment and barriers to redevelopment as a non-market facility due to increasing land values. In addition, the loss of private SROs in the area created such demand on the SNF that it began operating a number of rooms at double capacity. The linkages between these large-scale processes and their neighbourhood impacts informed the shifting tactics and partnerships that housing providers needed to employ in order to get by.

The rezoning of the Woodward's site for high density strata units had set off a frenzy of speculative acquisitions in the area, and the City struggled to manage the rate of change now that market forces had been unleashed. The 2005 DTES Housing Plan stated the city's aim was to 'stabilize' the 10,000 units of low-income housing that had been at the core of the neighbourhood for decades (2002, 53). Yet the SNF, during its 10-year tenure as a city-owned property, limped along in conditions that could only be described as the opposite of stable. The plan also envisioned that there would be 4000 units of market housing in the area by 2014 as part of the strategy to incrementally bring in higher income groups and stimulate economic growth while safeguarding the original number of low-income units. "Overall, it is expected that the market housing will increase by 100-120 units a year" the authors predicted, "which, when combined with projects currently in process and anticipated changes to policy, could result in a near-doubling of market housing (both rental and owner-occupied) after 10 years" (City of Vancouver 2005, 9).

Those projections seriously underestimated market interest in the area. By 2008 there were already 1,750 market units in planning or under construction, almost double the amount of market housing that existed in 2005. To put that in perspective, from 1998 to 2003, an average of 40 market units were built in the area with an additional 800 units in the development process by 2005. While the housing plan pointed out that the figures were ‘projections, not limits...based on estimates of the demand for market housing of the area’ (ibid), the doubling of market housing either planned or under construction in just 3 years rather than the projected 10-year time frame was clearly a sign that the City was losing its ability to manage the rate of change against the flood of market forces. In a 2008 interview, local developer Michael Geller remarked ‘this area has been discovered and it’s all happened in the last two years. The land down here is currently selling for more than prime sites in Burnaby’ (Bula 2008). The frontier language of ‘discovery’ obscured the fact that this was in fact already a well-established historic neighbourhood; it had only recently been ‘found’ by investors and speculators now that its development conditions were primed to close the rent gap.

Much of the surge in new market developments was occurring steps away from the beleaguered Stanley New Fountain hotel. During the same period that market housing doubled (2005-08), the homeless count rose by 19%, largely due to the loss of SROs through closure, fires, or conversion to student accommodation, tourist hotels, or higher-income rentals (City of Vancouver 2010). The market to capitalize on SROs had returned, and without intervention by the state the levels of displacement could potentially exceed those experienced in the 1970s beautification campaigns or even the 1986 Expo evictions. The following section details the City’s attempt to dampen speculation on SRO facilities in an increasingly competitive market as well as the growing threat to low-income housing from evictions, conversions, and closures.

8.3. 2003 SRA By-Law

In October 2003 Vancouver City Council enacted the Single Room Accommodation (SRA) by-law to regulate the conversion and demolition of low-income units. Owners wanting to demolish or convert rooms would now need to obtain a permit and, if approved, pay a \$5000 charge per room to fund replacement units. The ‘SRA reserve’ created through the collection of these fees was used to reimburse PHS for the emergency roof repairs and security fencing at the SNF in 2008 (City of Vancouver

2008). In deciding whether to approve a demolition or conversion permit, “Council must consider accommodation available to the tenants affected, the general supply of low-cost accommodation in the Downtown Core, the conditions of the building, and the need to replace or improve SRA’s” (City of Vancouver 2010: 6). The ‘SRA’ designation applied to both privately owned SROs and non-market housing with rooms or studios units less than 320 ft², such as the Stanley New Fountain. Given the substantial profits that developers could reap in converting or redeveloping SRO sites into market housing, as well as the significant increase in construction and land costs to build new low-income units, the \$5000 per room charge was amended to \$15,000 in 2007. The 2015 increase from \$15,000 to \$125,000 per room reflects the colossal increase in property values and replacement costs that required a 730% fee adjustment by the City.

The SRA by law was another tool, alongside the 1989 extension of tenant’s rights to SRO dwellers, designed to shore up a defence against speculation and capitalization on a form of housing that, however flawed, was the last option before homelessness for many residents. Overall, the by-law sought to achieve three pressing objectives for the Council in 2003:

- Help to protect the supply of very low-cost housing;
- Put SRA housing conversion rules in line with those that apply to the conversion of rental housing to condominiums;
- Help meet the City of Vancouver’s commitment to protect rental housing and prevent homelessness as a result of the 2010 Winter Olympic Games (City of Vancouver 2006: 18)

While the by-law did make some progress in protecting units from demolition and conversion, it failed to address a growing cause of evictions and homelessness in the city: changes in rent and renters in SROs. The 2005 DTES Housing Plan acknowledged this challenge when it noted:

the SRA By-law cannot currently control rents. So long as SRA units are rented on a monthly basis, they are not considered to have converted to another use if the rent increases significantly (as has happened in certain buildings)...The Housing Plan recommends that the review and evaluation of the SRA By-law explore the question of rental rates and how the By-law might address them (City of Vancouver 2005: 22)

It would be another 16 years before the ‘vacancy control’ alluded to in the plan would finally be approved by City Council in 2021. In the meantime, SRO rents would rise to

rates that were frequently well above the allotted shelter rate per month (\$325 per month before 2007, and \$375 per month since then) for people on income assistance.

8.4. A Change in Rent and Renters

The sudden spike in rents was attributed partly to the increased costs of operating an SRA facility and partly as a result of increased demand from renters who had been pushed out of the conventional rental market by tight vacancy rates and increasing rents across the city. According to the City's *2009 Survey of Low Income Housing in the Downtown Core* (City of Vancouver 2010), a mix of students, low wage workers, and seniors on low incomes arrived in the neighbourhood as rental stock in the rest of the city became scarce and prohibitively expensive. Their low incomes were still sufficient to outbid non-senior singles on social assistance for SRO accommodation. While the sudden increase of new market units introduced a newer, wealthier demographic into the area, residents from lower income groups who made slightly more than welfare recipients now competed for SRO rooms. The arrival of 'middle-to-high' income earners into new market units and low wage workers and students into older low-income units that had traditionally been home for the city's poorest residents created a pincer movement on much of both the new and old housing stock in the area. Far from creating a 'social-mix', this competition for scarce housing resources created additional class conflict in the city, including intra-class tension among different lower-income groups experiencing varying degrees of poverty and housing precarity.

The Burns Block at 18 W Hastings, located one block south of the Stanley New Fountain, is characteristic of this pattern of disinvestment, displacement, reinvestment and capitalization through a new clientele. In 2006 the private SRO was closed down by the fire department when inspectors found the exits to be blocked. Tenants who had called the building home for years were given a few hours to leave, with many ending up in shelters or on the street as a result. According to the Pivot Legal Society, landlord Nick Bahrami had paid \$550,000 for the building in 2003 and was seeking to sell for \$2.5 million after the forced closure three years later (Ryan 2006). He faced no repercussions for allowing the building to become divested to the point of forced closure, despite the City being legally entitled to perform the required improvements and bill the landlord for the costs. The building was eventually sold to Reliance Properties and units were renovated into 'micro suites' with space saving features like Murphy beds and built-in

cupboards. While housing advocates criticized the loss of shelter-rate units and sudden eviction of tenants, Reliance counter-framed the development as an innovative solution to the growing rental crisis across the city. President John Stovell argued the 250 square foot suites were targeted towards the 'working youth cohort' who were being 'completely lost in the shuffle...there is a massive amount of people who earn between \$38,000 and \$50,000 a year, and that's who these are for' (Lupick 2014). While these incomes were on the lower end of median incomes in the city, they were well above the average for the DTES.

When the Burns Block re-opened in 2011 rents began at \$850 per month, though they quickly rose beyond that as the wait list for new tenants grew. While the hotel had been in rough shape pre-closure, it had at least remained accessible to the area's lowest-income residents by charging the welfare shelter rate of \$325 per month. City councilors from the governing Vision Vancouver party, who had campaigned on a promise to end street homelessness, heralded the new development as affordable housing for workers who were being squeezed out of downtown rather than addressing the sudden loss of SRO rooms and evictions that led to its conversion (St Denis 2021a). Ten years after re-opening, the building was sold as confrontations between renters and homeless residents camped out front came to a head, prompting most leaseholders to flee. Social tectonics of polarized income groups occupying the same neighbourhood had escalated to the point of conflict and intimidation. Monthly rents for the tiny suites at the time of the sale ran between \$1,750 and \$2,500, while the shelter rate for people on income assistance remained at \$375. Ultimately the province bought the building from Reliance for \$10.9 million, with another \$1.3 million earmarked for annual operational costs. Today the building provides housing for women who are homeless and who are committed to reducing substance abuse, while a few 'micro-suite' tenants paying market rents have remained.

The case of the Burns Block is indicative of one type of development that PHS sought to block by holding on to the Stanley New Fountain. Despite its dreadful condition, the Stanley still provided rooms at the shelter rate, as well as emergency shelter beds, because unlike private SROs, non-market SRAs are protected from gentrification through their operating agreements to house people on income assistance. Samuel Stein argues that low-income residents resisting gentrification face a Catch-22: They badly need updates in infrastructure, services, and housing, but are also fear the

'catastrophic tide of capital it summons' and that they may not be able to remain once such upgrades are made (Stein 2019, 11). DeFilippis also addresses this "false choice urbanism" when he writes:

These processes have left residents of low income neighbourhoods in a situation where, since they exert little control over either investment capital or their homes, they are facing the "choices" of either continued disinvestment and decline in the quality of the homes they live in, or reinvestment that results in their displacement (DeFilippis 2004, 89)

A recent investigation into private SROs found rents in approximately 950 rooms have skyrocketed after buildings were sold to investor-landlords, who perform minor renovations and then raise rents on rooms advertised as 'micro-suites' (St Denis 2020). Nine hundred other rooms had affordable rents but were in buildings with multiple violations which put them at risk of being closed down by health and safety regulators, while another 1,890 rooms were at risk of gentrification. It should be noted that speculators and investors who are looking to benefit from this new competition for SROs, a housing form that would have previously been considered undesirable for low-to-middle income earners, are an opportunistic result of larger socio-economic shifts around housing in the city. But that shift is expressed most acutely at the bottom-rung of the housing ladder, where low-income residents are one step away from homelessness. As the City's 2009 *Low-income Housing Survey* points out:

In a market economy, each income group gets the housing that groups with higher incomes do not want. Lack of sufficient housing supply for those with the lowest incomes is a problem that is expressed at the municipal level, but the factors affecting affordability are related more to changes in incomes, social policies, and the economy than changes to physical stock' (City of Vancouver 2010)

Claims by the City that macro-processes being guided by senior government were manifesting at municipal level did have merit. For example, provincial changes to welfare policy under the BC Liberals during this period meant fewer people were able to obtain benefits, meaning fewer had enough to pay rent, resulting in increased homelessness in the DTES and around the city. And even for those who were on benefits, the shelter allowance component had not gone up since 1991, during which time the consumer price index had increased by 27% (City of Vancouver 2005, 9). Still, as land prices soared it became increasingly clear that the municipal 2003 SRA bylaw was ineffective against market forces that make SROs an attractive investment opportunity. Allison

Dunnett and Monika Czyz, housing planners for the City of Vancouver, estimate that in 2020 that there were just 77 SRO rooms left in the city renting at the welfare shelter rate of \$375 (St Denis 2020). With roughly 7000 SRO rooms in the city, that works out to about 1% of the overall stock. By comparison, in 2005 just under 20% of the SRO stock rented for the shelter rate and in 1992 this proportion was 72% (shelter rates in both of those years were \$325) (City of Vancouver 2005, 21).

For the thousands of tenants paying upwards of \$700 a month in some of the most dilapidated hotels, rent now took away from money for food and other essential items. And once some basic 'lipstick' renovations have been performed, rents were often raised to levels that eclipsed the entire amount of a monthly income assistance cheque, as in the case of the Burns Block. PHS's Mark Townsend expresses a particular disdain for operators of low-income housing who charge more than the allocated welfare rate: "I don't care about taking the rent portion because that is prescribed, but to take money away from people that don't have anything, it is immoral and we shouldn't be building housing like that. As a matter of principle, we would not take money from people's support check because that would actually be criminal, evil, and immoral" (interview, 2021).

8.5. Closures and Lack of Enforcement

While some low-income housing was being renovated and converted into 'micro-suites', other hotels faced indefinite closure. This would often come after repeated citations for not complying with the City's Fire, Building, Standards of Maintenance, or Health By-laws. Closures also could occur voluntarily by owners without regulatory pressure from the city. In some cases, the cost of upgrading and maintaining aging buildings while keeping rents affordable to those on income assistance became untenable. This was heightened by increased development pressures in the area, and some private SRO owners chose to close the property and wait for the right opportunity to redevelop or sell rather than continuing to pay for housing low-income tenants (City of Vancouver 2017b). Whether the closure was voluntary or compelled by the city, it amounted to a sudden loss of homes for the tenants whose evictions were, according to city staff, often times illegal. In 2006, the same year as the forced closure of the Burns Block, the Pivot Legal Society reported on the 'dramatic closures' of the Pender, Marble Arch Hotel, and the St Helen's hotels (C. Smith 2006). The tenants of the Clifton Hotel

were illegally evicted in 2014 and the building still sits empty at 1125 Granville Street as of 2021. The 200-room Dunsmuir House facility has been empty since 2013, when residents were relocated and a BC Housing lease was not renewed because the building needed substantial repairs. And more recently the notoriously dilapidated Regent and Balmoral hotels, owned by the Sahota family, were closed by the City after years of complaints by residents and repeated warnings and fines from the city for the deplorable conditions of the building. In the case of the Balmoral, tenants were again just given a few days' notice after the city deemed the building was at risk of collapse. While the two buildings were comprised of 330 single rooms, housing activists believe up to one thousand people found shelter at the Regent and Balmoral every night (St Denis 2019).

Although negligent landlords are often singled out, the City's enforcement of its own by-laws bears some culpability for this situation. Teams of inspectors issued citations and orders related to fire and health safety standards, but the City failed to enact the legal right to carry out crucial repairs itself on problem properties and billing the owner for the work. The City of Vancouver's Standards of Maintenance By-Law clearly lays out such powers in the event that lodging owners fail to comply with orders within two months:

23.8 Notwithstanding any other provisions of this By-law, where any building or land does not comply with standards set out in this By-law, the Council may, by resolution, order that failure to remedy any default specified in such order within 60 days after service of such order, *will result in the work being carried out by the City at the expense of the owner* (City of Vancouver 2014b, 19)

There is no record of this provision ever being enforced. Rather than ensuring buildings are maintained, and intervening to do the necessary upgrades to keep the last tier of housing available for tenants open, critics argue the City's current approach enables buildings to deteriorate until it is time for the police or fire department to shut them down. In the case of the Regent and Balmoral, a group of tenants launched a class action lawsuit against the City for failing to enforce its own by-law on minimum maintenance standards, but their case was ultimately unsuccessful (St Denis 2020). The City has also not made true on its threats to expropriate the most badly neglected SROs. Rather than punishing the slumlord owners, the city paid the owners \$11.5 million for the two condemned hotels, nearly twice their assessed value. This sets a dangerous precedent

for non-compliance, and reveals the current limits of state intervention over private property rights.

8.6. Homelessness

When a lack of affordable or adequate housing creates downward pressure along the housing continuum, the people residing in the lowest tier are at the highest risk of becoming homeless. Even before the slew of SRO closures in 2006, increased housing precarity was evident in the reported shelter turnaways¹⁴ and homeless counts in the first decade of the 21st century. Triage, one of the major emergency shelter operators in the DTES, had more than 7000 turnaways in 2003, a 300% increase from 2000 (City of Vancouver, 2005: 22). The 2005 homeless survey of Metro Vancouver showed a doubling of street homelessness and those staying in shelters regionally since 2003. Within the city of Vancouver, an increase from 670 to 1,300 homeless persons was documented for a jump of 104% in just two years. Indigenous people were heavily over-represented in homeless counts, representing 32 % of those surveyed compared with making up just 2% of the Metro Vancouver population (Greater Vancouver Regional Steering Committee on Homelessness 2008, 28). Lack of income and cost of housing made up roughly half of the reasons given for people being homeless, but by 2008 the poor condition and pest infestation in housing also saw a significant jump in responses from people experiencing homelessness. Despite the stated policy goals of stabilizing low-income housing, replacing aging SRA units 1 for 1 with self-contained units, taking SROs out of the hands of private landlords and into public ownership, and tamping down speculation and redevelopment through targeted by-laws, the existing stock was being increasingly placed out of reach through disinvestment and closure on one hand and investment and rent-hikes on the other.

In response to the growing crisis, the Stanley New Fountain began operating 23 rooms at double occupancy for emergency shelter beds in the Fall of 2009. The hotel was one of three sites, along with the First United Church and 201 Central, to open the first HEAT shelter as fears for the growing population of people living on the street intensified with the arrival of winter. In response to significant community pressure to address the homelessness crisis, the City and Province committed to keeping it open as

¹⁴ 'Turnaways' are when a shelter has to turn people because they are at capacity

a shelter for a number of years, with year-round funding. While the remaining units were occupied by longer-term residents, the 56 shelter beds that crammed two sleepers into rooms that were just over 100 square feet were used for shorter-term stays of people who came in off the street. Mariner Janes explains that as temperatures dropped, the SNF staff

would house people right off the street. We frequently would be housing people who had been sleeping in tents, in sleeping bags, out in Blood Alley. And we realized winter was coming so we would just say 'let's put this guy in this room'. It was really very rapid action, ad-hoc, people would leave as quick as they came' (Interview, 2021).

As homeless numbers continued to increase over the coming decade, the shelter beds would operate up until the building's closure in 2017, when they were transferred over to a new custom-built shelter facility as part of the redevelopment deal for 36 Blood Alley Square (BC Housing 2018).

8.7. Heritage Incentive Program (Beautification 2.0?)

While the Stanley was opening its emergency shelter rooms on the southside of Blood Alley Square in 2009, the lot on the north side of the plaza was undergoing a wholly different transformation. The Salient Group, which had developed a niche service in the early 2000s rehabilitating aging buildings and converting them into upscale market housing and commercial spaces, was completing a mixed-use development that would see 36 strata 'live/work' homes and retail added atop an old rope manufacturing building from 1890 and garage from 1930. The project, named "The Garage and Cordage", received the 2010 Urban Development Institute's Award of Excellence in Urban Development for "Best Heritage" for melding several additional residential stories on top of the restored commercial spaces. The addition of 36 strata units and several upscale commercial retail units also brought a predictable surge in property value: In 2008, total value for the property was less than \$5 million, but by 2011 it had increased nearly \$30 million, with \$19 million of that consisting of land value. This was one of several condominium developments within a block of the SNF, arriving either through new construction or adaptive re-use. 'The Garage' was part of a larger rehabilitation project that saw three adjacent heritage buildings, including the landmark "Alhambra Block", fully upgraded alongside a newly restored "Gaoler's Muse" courtyard atrium. Salient's website boasts: "(The Alhambra Block), along with the Garage and Cordage

redevelopment, paved the way to the rejuvenation and revitalization of Gastown' (Salient 2021). It also stood in stark contrast to the Stanley New Fountain which, despite being a 'B listed' heritage building and on the National Register of Historic Places, was struggling to plug its leaking roof and keep its toilets operational a few metres away.

The Garage and Cordage redevelopment achieved multiple planning objectives that the city had earmarked for the area: the introduction of more market housing and commercial activity, as well as restoration of heritage buildings and upgrading of the public realm. The 2005 DTES Housing Plan, which sought to add 100-120 market units annually into the area as a means to promote economic growth and recovery, directed most of these units to be added in the sub-areas of Gastown and Victory Square. The report noted 'this level of demand could be absorbed primarily in upgraded heritage buildings or other renovated projects without displacing existing low-income housing or compromising the ability to build new social housing (City of Vancouver 2005, 9). The plan also recommended supporting the demand for market housing in restored heritage buildings by using new incentives that had been made available through the Heritage Incentive Plan (HIP).

The HIP offered both public grants and development bonuses through the Heritage Density Transfer Program (HDTP). The intent of these was 'to encourage sites encumbered with historical buildings to retain the building, and any unused density could be banked and sold to other development sites in the downtown peninsula as bonus density'. The HDTP eventually became so well used that it had to be 'frozen' as it became increasingly hard to find receiving sites in which investors could invest their density credits. With the program's suspension, planners looked at discretionary methods to apply density credits within the height-restricted zone of Gastown. This transformational planning logic repositioned housing and development over the previous priority of maintaining traditional streetscapes.

PHS watched the luxury condominiums and intensive restoration project, primed with public funds from heritage grants and transfers, going up across the square with increasing frustration. Townsend reports that he applied for a similar restoration grant for the SNF, but the funding was not available for their building use (Townsend interview, 2021). For Janes, it crystalized the polarizing effect of uneven investment in the area. When asked how he felt about criticisms of 'social mix' projects like 36 Blood Alley

Square being a 'beachhead' tactic by developers to make inroads into the community, he pointed out the Garage and Cordage development across the alley as an alternative scenario. "I wouldn't call it a beachhead anymore. A buttressing of the fortress perhaps. They have those inroads into those spaces already. Both culturally and financially" (interview, 2021). Elaborating on this position, Janes described the development from the perspective of the staff at the SNF: "You could drive through Blood Alley in your Maserati straight into your underground garage, go to your upper floor suite and look out your glass windows into Blood Alley and watch someone trying to exist, scrabbling in the dirt beneath you" (interview, 2021). While he was sympathetic to the criticisms of social mix developments like 36 Blood Alley Square, he was unequivocal about the new project's overall benefit when compared to alternative scenarios for the site:

It might not taste great but what are the alternatives? The alternatives are that we lose that space altogether, that we compromise on numbers so we don't end up getting the 1 for 1 replacement and it ends up 20 out of 80 units or they build 80 and we get the first two floors. Or the project is shut down and sold for value and we try to recuperate somewhere else and lose this whole space (interview, 2021).

Given the increasingly untenable situation of the SNF on financial and physical grounds, and placed within the larger neighbourhood context of conversions, closures, demolitions, and rising homelessness, a redevelopment that replaced the old units with new self-contained homes at shelter rate provided more relief than concern over the market component.

The luxury condos of the Garage and Cordage, the converted 'microsuites' at the Burns Block, and the condemned rooms at the Regent and Balmoral, were different materializations of the new political economy of housing in the neighbourhood, resulting from its 'discovery' by new investors and divestment by previous funders. The secured social housing at the Stanley New Fountain was protected from gentrification, but it was also increasingly excluded from access to capital required to make it a feasible operation. David Ley, echoing Blomley and Sommers' assertion that the conditions in the neighbourhood exist because of, rather than despite, Vancouver's ascendant form of urbanism, notes the "Downtown Eastside draws attention to the casualties of a polarising neoliberal era, and makes visible the flipside of the over-hyped post-industrial 'creative city'" (Ley 2012, 67). In 21st century Blood Alley Square, the opposing sides of neo-liberal urbanism were on full display. Access to the capital required to provide safe, dignified

housing at the site meant another reconfiguration of the actors involved at the site, re-introducing the province and private sector while moving the City away from its position as landlord and back its role as the negotiator and regulator between development rights and public goods.

Chapter 9.

Culminations in Co-production (2013- 2018)

9.1. PHS Triggers the Deal

In March 2013 the end of the housing agreement between PHS and the City loomed. The physical condition of the SNF increasingly ran the risk of having the buildings condemned, while some of Vancouver's most desperate residents sheltered within. Meanwhile the land on which the buildings sat was getting more expensive as high-end condominiums and commercial heritage restorations were completed nearby. Blood Alley Square had also deteriorated significantly and plans to renovate the square were largely dependent on the outcome for the hotels. In previous communications about the SNF, the City had stated its intention to find funding to renovate the building and replace the SRO rooms with updated self-contained units. Failing that, the City's objective was to relocate the tenants to new facilities and either redevelop the site as social or market rental housing or sell the property and use the proceeds to build new supportive housing elsewhere in the area (City of Vancouver 2008). Given how the local land values had increased substantially since that memorandum was released in 2008, the latter option to sell rather than redevelop the site as social housing could be viewed as a more enticing option for the City's real estate department.

Meanwhile, Townsend and the team at PHS had become increasingly disgruntled with the City as landlords. Money to perform basic rehabilitations to the building's leaking roof and plumbing had been an uphill battle to obtain, and funding for larger capital improvements to make the facility more livable had not been forthcoming. They had also watched the upscale market developments on the north side of Blood Alley go up, aided with City funds from the Heritage Incentive Program, and feared that more of that style of development was coming should the site revert to the City. From a financial perspective, triggering the Option to Purchase before the 10-year term expired made fiscal sense: the purchase price had been locked in at the 2003 rate of \$2 million, while property prices in the area had increased significantly. With the deadline for the deal looming, PHS sought to exercise their option to buy the Stanley New Fountain back. There was one major obstacle: PHS, largely a publicly funded non-profit society,

was in financial arrears to the tune of \$2 million (Mackin 2014). Purchasing the site would double their debt, placing them at further risk of going into receivership. However, selling their Option to Purchase to the right developer would help bring them out of financial arrears and, if negotiated properly, give them some leverage over the site's future.

9.2. Better the Developer You Know

“Weirdly, and this is going to sound weird, but we preferred working with the Westbanks over working with the City and Province” Townsend explains (interview, 2021). PHS had originally been brought in as a community partner by Westbank and Henriquez Partners Architects on the Woodward's project, and Townsend felt the possibility of renewing that partnership for the SNF site was worth exploring. He also shared that PHS and Westbank president Ian Gillespie had worked together on a proposal to develop rapid, cost-effective modular housing at the request of the premier's office in the lead up to the 2010 Olympics. That plan was eventually overridden by BC Housing and the City for not going through the proper RFP process and other regulatory steps (interview, 2021). Townsend felt such red tape added more costs and delays to the production process, a grievance often shared by private developers during the development applications. It is one of a catalogue of instances over the course of our interview where Townsend claimed PHS would have provided more effective service to the most at-risk residents of Vancouver if they had been free to partner directly with private developers and without governmental interference. “We're in the housing business, housing is easy to construct, there's no rocket science to it, [and] we would rather not do it with BC Housing or the City; we would rather do it ourselves or work with an experienced developer who is actually quick and efficient.”

This shared frustration between non-profit and private sector housing producers has also been noted by housing scholars (Sewell 1994; Suttor 2016). Former Toronto mayor and chair of Metro Toronto Housing authority John Sewell notes “both profit and non-profit sectors can cite chapter and verse of government housing programs where control overwhelmed any positive accomplishment. Inflexibility on governmental behalf is major source of frustration on behalf of many housing providers” (Sewell 1994, 221) . While their objectives were different, PHS and Westbank both earned reputations for pushing up against the regulatory frameworks that governed their respective fields of

housing production. Their public-facing leaders, Townsend and Gillespie, both presented as somewhat eccentric, abrasive, and at times reviled, but ultimately effective in delivering ground-breaking projects. And they expressed an open mutual respect for each other in both the media and in my interview with Townsend, even if their goals were seemingly on opposite ends of the contested vision for Gastown.

The fact that a non-profit provider who had hitherto been determined to block gentrifying projects, even going so far as to take on properties that were losing money to keep them out of the market, sought to transfer ownership of the SNF to a luxury developer rather than see it stay in public ownership speaks to the complexity of social housing production in the 21st century. The shifting capacity of developers with relation to the state had now driven the non-profit sector to seek out private partnerships over public ones. And with the City offering incentives in exchange for social housing production, pragmatic developers like Westbank were willing to take on 'mixed income' projects for both financial and social benefits. Private sector involvement in non-market housing in the area had shifted from the small scale 'Advocate-Entrepreneurs' of the 1970s (Leary-Owhin 2016), to DERA operating as a 'gatekeeper' to the neighbourhood by partnering with select private actors in the 1980s (Hasson and Ley 1994), to the city's largest non-profit housing provider transferring property away from the City and towards a major developer in 2013.

On March 28, 2013, 10 years to the day that the Housing Agreement for the Stanley New Fountain had been signed, PHS officially gave the City a Notice of Exercise of Option to Purchase the property. In the same legal document, PHS transferred the Option to Purchase to a numbered company for the fee of \$1.00. This numbered company (0966268 B.C Ltd), which listed its Shaw Tower address in the same office as Westbank Projects Corporation, then assumed control of the four lots that comprised the Stanley New Fountain site. Westbank was now the owner of a highly valued piece of property within Gastown's historic HA-2 planning area, which included zoning for residential and commercial units (including a coveted liquor primary nightclub license). The purchase price of \$2 million in 2013 was roughly the equivalent of two detached single-family homes in Vancouver. There would be a complex web of regulations pertaining to heritage, social housing, and the standard planning and development procedures to navigate in order to redevelop the site, but Westbank had already

established the political connections and community partnerships to see these through during the Woodward's development.

Westbank Corp. president Ian Gillespie told the *Courier* newspaper that his company had stepped in at the request of PHS, which did not have the money to purchase it back from the city itself and was "concerned that that it not get bought by some of the elements circling for property in that area (Mackin 2014). Social capital earned through the Woodward's process and other collaborations between the developer and PHS had gained Westbank status as a trustworthy for-profit developer (Hyde 2018). A BC Housing executive I interviewed also relates this version of events in an interview, stating "PHS struck an agreement with Westbank because they couldn't purchase the site themselves. They allowed Westbank to step in on their behalf to exercise that option. So that's how the partnership came about" (interview, 2021). According to copies of email exchanges between City staff and Gillespie in January 2013, the proposal put forward by Westbank and PHS involved:

- Westbank receiving the Option to Purchase the Stanley New Fountain from PHS
- Westbank building condominiums over the New Fountain portion of the land parcel
- A combination of shelter beds and self-contained units to be built as non-market housing over the Stanley portion
- The proceeds of the sale of the SNF to be used by the City to purchase the "Only" site from PHS
- Westbank, the City, and PHS developing 70 non-market units at the "Only" site
- PHS assuming control of all non-market housing at both sites, with the "Only" site under a 99-year lease with the City

Townsend elaborated that PHS would keep the lucrative nightclub space under the SNF, while Westbank would retain the other street level commercial units. While he did not feel good about the condominiums on the site, he was willing to concede them in exchange for Westbank doing a full restoration of the "Only" site, replete with social enterprise business on the ground floor and a mix of shelter and self-contained non-market units above (interview, 2021). Townsend was reticent about PHS's financial arrears being a motivation for the transfer, instead likening the arrangement to a

‘marriage’ where each side brings something to the table to construct the deal. “In the real estate world, there’s a lot of combinations that you can put together. So we were constantly cobbling together, looking for angles or opportunities to exploit” (interview, 2021).

In his critique of the ‘real estate state’, Stein argues that non-profits have assessed the current political landscape and determined the most likely way to secure gains is through programs that align with factions of real estate capital, including development schemes that pair the construction of luxury housing with a modicum of affordable units (Stein 2019, 37). In this case PHS sought to exchange property rights for the financial and logistical capacity of the private sector to construct new housing. While PHS had originally sought to keep properties like the SNF out of the market, the shifting conditions around housing production had compelled it to align with certain marketplace practices to maximize the delivery of new non-market homes. Ultimately the City supported the Stanley New Fountain component of the Westbank/PHS proposal but rejected the redevelopment of the “Only” site as part of the transaction. However, as Westbank and PHS were in the process of amending the application, an audit of PHS would bring the organization to the brink of receivership and force out Townsend and upper management.

9.3. A Scandal and a Coup

While Townsend professed his preference to working with the private sector, PHS was still largely operating with public funding. In late 2013 BC Housing commissioned an independent audit of Vancouver’s largest non-profit community service provider. The third-party review was triggered, according to the province, when BC Housing had become aware of ‘spending irregularities’ at PHS (McElroy 2014). During the fiscal year of 2012-13, PHS had received nearly \$21 million in government funding, more than half of which came from two sponsors: BC Housing and Vancouver Coastal Health (Dev 2014). A sudden spike in travel expenses raised initial concerns, and further investigation also prompted questions over salaries, holiday and sick pay discrepancies, contracts awarded, and expenditures on expanding operations when its accounts were already in arrears (McElroy 2014). Ultimately Townsend and fellow co-founder Liz Evans, along with two other directors, faced an ultimatum to resign or have the organization go into receivership. The Board of Directors was also replaced by a team

brought in to create a management structure with deep ties to VCH and BC Housing, including several former and current board members from both organizations (Dev 2014).

The resulting scandal not only brought down the management and board of PHS, but it sparked a wider debate about public funds and accountability in the non-profit sector in general (Bula 2014). Critics argued that the model of delivering hundreds of millions of dollars into the hands of non-profit organizations with varying degrees of experience, skill, or oversight was not a sustainable model. Meanwhile, supporters of PHS claimed the audit had been spurred by an increasingly antagonistic relationship between PHS Directors and its funders, particularly between Townsend and BC Housing CEO Shayne Ramsay and Housing Minister Rich Coleman¹⁵ (Ward 2014; Dev 2014). In our interview Townsend described what happened to him and his wife as being 'politically taken out' for his vocal criticisms of BC Housing and Coastal Health's policies on public health and housing in the DTES (interview, 2021). Edelson, who did not always see eye-to-eye with Townsend as the City's senior planner in the DTES, nonetheless held his accomplishments in high regard and referred to the forced resignations and replacement of the board as 'a coup' (interview, 2021). In his opinion, there were less disruptive ways to correct the financial trajectory of the organization while acknowledging their successes, and the underlying tensions between PHS and the housing and health bureaucracies that funded it resulted in the harshness of the province's terms of surrender.

In the two decades before the audit and spending scandal, PHS achieved several key innovations in community services that became accepted practice by the state and other non-profits. These included the 'housing first' approach to accommodate citizens deemed 'un-housable' by other organizations, a community bank (Pigeon Park Savings) for residents who had barriers to opening a conventional account, social enterprise businesses that created employment for people who faced barriers getting hired in the conventional job market, North America's first medically supervised injection site (Insite), emergency treatments for drug overdoses, and accumulating property for

¹⁵ In a Vancouver Magazine investigation into the audit and forced resignations, BC Housing Minister Rich Coleman concedes the outcome may have been different if the housing bureaucracy had been dealing with Liz Evans instead of Mark Townsend, noting 'I had a lot of time for her. I never had a lot of time for him because he was such a jerk' (Dev 2014)

non-market purposes as well as working with the City and private developers to leverage land value capture revenues into social services. Some innovations were initially illegal and precipitated conflict with the state before eventually finding their way into public policy. The medically supervised safe injection site Insite, the first of its kind in North America, faced multiple legal challenges from the federal government between 2006 and 2015 (Lupick 2017). As of 2021 there are 37 safe injection facilities operating legally across Canada (OHTN 2021). And low-barrier, 'housing first' accommodation that was first trialed in dilapidated SROs like the SNF are currently transitioning into new facilities, purpose built with public funds, including the replacement New Fountain Shelter that was paid for by BC Housing and designed and operated by PHS (BC Housing 2018).

Such innovations, much like the DERA's early campaigns to protect SRO residents and the CRC's attempt to integrate low-income residents into Gastown's heritage revival, were driven by the politics of necessity. For PHS, that necessity was born through the simultaneous transformation of the neighbourhood demographics and the vacuum created by senior government's withdrawal from social housing and services (Proudfoot 2012). As one Vancouver writer remarked in the wake of the spending scandal:

It's so stunningly cheap to let non-profits deliver these difficult services that their directors could live in a hotel in Paris year round and the organization's services would still be more cost-effective than the salaries of the licensed nurses, social workers, physiotherapists, and others in the top pay grades of the institutional health system' (Dev 2014).

Scholars have also documented the increase in state contracting of social services to non-profits during the 'rolling back' of the welfare state (Ullman 1994; Bennett 1999; Crook and Whitehead 2002). Of particular relevance to the dynamic of conflict and co-production between PHS and its provincial sponsors is the effect of neoliberalism and 'professionalization' on the community-based non-profit sector. Specifically, non-profits have been increasingly pushed into a professionalized, managerial model under partnership conditions with the state (Hasenfeld and Garrow 2012). This has greatly increased their operating capacity but diminished their role as grassroots community advocates and their ability to be critical of state agencies that fund them (Alexander and Fernandez 2020). PHS defied this trend by remaining a politically aggressive force as it rose to prominence, 'commanding significant amounts of government funding for the neighbourhood and becoming BC Housing's de facto provider for the hard to house'

(Proudfoot 2012, 102). Its tactics under Townsend remained confrontational and, at times, financially cavalier. This, in addition to some obviously questionable accounting, ultimately led to the restructuring and re-alignment of the organization by and with its funding bodies.

9.4. ‘Fit in or be a Breath of Fresh Air?’

Following the City’s rejection of the proposal involving the “Only” in January 2013, Ian Gillespie worked with architect Gregory Henriquez on alternative visions for the site. In an email exchange with the City’s GM of Planning and Development, he suggests some representatives from the City, Westbank, and Henriquez Partners Architects get together for ‘a brainstorm session’ and voiced concerns that the existing proposals were not ‘transformative in nature’ (FOI email files, 2016). Gillespie signed off on the email remarking “I guess we have to decide if we want this to fit in or be a breath fresh air”, alluding to design possibilities under the restrictive heritage by-laws in the area. Because of Vancouver’s discretionary planning policies, the HA-2 zoning in Gastown could be relaxed if social housing was involved in the redevelopment, an incentive that potentially held mutual benefits for non-profit and profit partners if they could bring the right proposal to the City. PHS was still operating the SRO and shelter, but the sudden restructuring of the organization meant it could no longer be a co-producer in the new project. For the moment, Westbank were in the position of being a luxury developer landlord of a decrepit SRO, and a new non-market partner was required to make the project whole.

According to Raymond Kwong, Provincial Director for the Housing Hub at BC Housing, Westbank reached out to the provincial Crown Corporation to reprise the partnership forged at Woodward’s for a new project at 36 Blood Alley Square. After the acquisition of SNF from PHS, “Westbank obviously don’t run shelters and SRO type buildings, so they approached us (BC Housing) about how to redevelop that particular site” (Interview, 2021). The resulting deal would see BC Housing “putting equity dollars into the project in order to fund the replacement of the SRO units that were there with self-contained units, and then moving the shelter to another location, and the rest of it was going to be rental housing that Westbank would own” (BC Housing interview, 2021). City documents state that Westbank transferred ownership of the property to BC Housing in 2016 as part of the redevelopment (City of Vancouver 2017c), although the

BC Housing executive I interviewed described it as ‘co-ownership’. He clarified that the site is under an ‘air parcel’ situation, whereby both the social housing building and land below it is owned by BC Housing while the market rental building and land below is owned by Westbank (interview 2021). However, there is a unique profit share arrangement where the revenues from the market component are to be used to subsidize the social housing as part of the deal. And so a blurry line of ownership between public and private entities enabled the private developer to exceed the heritage height restrictions in return for subsidizing a portion of the social housing costs with revenues from the market housing.

The co-ownership of the site underscores the growing ‘fuzziness’ between what should be financed by the private sector and what should be funded by the public sector (Crook and Whitehead 2002, 1266). While there is a common perception that housing-based developer contributions consist of the private sector paying for the production of both the non-market and market units in return for favorable development conditions (Moore 2016; Shih and Shieh 2020), Hyde’s investigation into Woodward’s reveals that the province actually paid for the non-market units in that project (Hyde 2018, 5). Despite Westbank’s claims that a high number of condominiums were required to offset the costs of the social housing at Woodward’s, the private developer was actually only required to contribute ‘expertise’ rather than capital on the non-market component. My research into the redevelopment of the SNF determines the province is again paying for the non-market component of the project, while Westbank gains the relaxed height restrictions for the taller market tower. The construction of the new social housing units also provided an exemption from the SRA demolition fee which, at \$125,000 per unit, would have amounted to nearly \$13 million for the 103 designated SRA units inside.¹⁶ Westbank’s contributions derive from donating the land to BC Housing, which they had acquired at a highly discounted rate from PHS, and providing cross-subsidization of the shelter rate units through revenues obtained from the market rentals.

¹⁶ While there were only 80 rooms, the shelter section counted as two SRA-designated units per room

9.5. Stonehenge Moment

While the Stanley New Fountain proposal was being reconfigured at the local level, major political shifts were occurring at both the federal and provincial scale that would have a significant impact on housing policy in general and '36 Blood Alley Square'. In October 2017 the Federal Liberals won after a decade of Conservative rule. The Harper government had continued the trend in federal housing policy that had begun under the Liberals in 1993, which was downloading the responsibility of funding affordable housing to the provinces (Suttor 2016). As noted earlier in this paper, the provincial NDP had kept up some level of production of new low-income housing through the rest of the decade, but in 2001 provincial power shifted to the austerity minded BC Liberals. With both levels of senior government following a path of retrenchment from social welfare programs, Vancouver looked to private developers to fund low-income housing production and non-profits to operate them.

In 2017 the federal Liberals announced the first significant national housing strategy in three decades. Entitled *A Place to Call Home*, the plan would prioritize finding housing for 530,000 low-income households living in 'severe housing stress' through new investments and increased housing allowances (this would increase both the amount of subsidies and the federal proportion of the funding which had been previously been downloaded to the provinces). The federal government would also partner with each province separately on a set of specific priorities. Then in May of 2017, the provincial NDP took power in BC, ending 16 years of fiscally conservative rule in Victoria. The new government unveiled its own *Homes for BC* policy, which committed \$7 Billion over 10 years across the entire affordable housing spectrum, from affordable rental and home ownership, to homeless services, Indigenous housing, and housing for women fleeing violent relationships (Whitzman 2018, 25).

With BC Housing's portfolio expanding from just those in 'core need' to now including middle income renters, the Housing Hub was created as a 'center to connect community partners with private industry and provide access to land, low-cost financing, and high risk financing for new affordable rental supply' (BC Housing, n.d.). The creation of the Housing Hub altered the conditions for Westbank and BC Housing for the market component of the SNF redevelopment, giving the private developer access to more favorable financing options if they made the market component secured rental units.

Smith and Derksen's (2002) characterization of the provincial housing corporation as a facilitator of redevelopment partnerships rather than producer of public housing had accelerated in the decade since their account of the early Woodward's negotiations. Finally, in November 2017, the City of Vancouver adopted the *Housing Vancouver Strategy*. Among its many goals for alleviating the growing housing crisis was an accelerated SRA replacement target to replace 2,000 SRO rooms with self-contained social housing units (City of Vancouver 2017a).

And so for Vancouver, 2017 would prove to be what housing researcher Carolyn Whitzman termed a 'Stonehenge moment - when federal, provincial, and local government policy became aligned for the first time since the 1980s' (2018, 18). With senior government now re-engaged, Vancouver was poised to capitalize on this policy alignment, largely due to the 'partnership infrastructures' that had been forming locally in those years of withdrawal. BC Housing's new Housing Hub meant Westbank were able to access more favorable financing conditions that made the potential for a smaller, lower density rental building more viable. This meant the number of market rental units needed to support the social housing could be reduced, thereby also reducing the physical scale of the building to closer fit with heritage guidelines. Under these new parameters, Henriquez, Westbank, and BC Housing reworked the original proposal, with PHS also advising on the design guidelines for the non-market section.

9.6. A Modest Proposal

In September 2017 Henriquez Partners Architects submitted their second, ultimately successful, design to the Development Permit Staff Committee at City. Gastown has no set limit for Floor Space Ratio (FSR), or overall density limit, but rather sets a height cap of 75 feet to retain the historic identity of the area. However, this restriction has become increasingly flexible due to a couple of factors. First, the freezing of the Heritage Density Transfer Program due to a lack of available transfer sites meant an increase in height being added to short historical buildings is now permitted on a discretionary basis to make heritage restoration financially viable. Second, the Woodward's development set a precedent of allowing additional height specifically in return for social housing production. The SNF proposal still had to go through public

engagement and meet the approval of various planning bodies¹⁷. But as the project's lead architect Payam Achjae recounts, "there was no strict height restriction or FSR like you would typically have with a rezoning. Instead, we had to just come up with something and go to the city and say 'this is what we propose. Do you like it or not? And for the first one, they didn't like it'" (interview, 2021). Ultimately the first proposal, which consisted of 124 condominiums and 80 non-market units, was deemed to have too much mass and height for the historic character of the neighbourhood, despite the proposed trade-off of social housing.

The second design reduced mass by 44 percent, greatly decreased the total floor area, and reoriented the shape into two smaller towers so that more direct sunlight and ambient daylight would penetrate through to the public square (City of Vancouver 2017c). Somewhat astonishingly, this reduction in size was accommodated by halving the market units from 124 to 62 units, while the social housing units remained at 80. The reduction of market units by half became possible in the interim between proposals through the creation of the Housing Hub and access to financing conditions that had hitherto been reserved for non-market housing only (Kwong interview, 2021). Specifically, as of 2018, the province could offer low-interest financing directly to developers for secured market rental projects, in addition to non-market projects. Under the new NDP government, the funding model for projects expanded to include consistent monthly subsidies rather than just the one-off capital injections made available under the BC Liberals. A reduction in market units would not only reduce the physical scale of the building to be more in line with the neighbourhood's historic character, but would also represent a more incremental rate of change for new market housing in the area. The project was now 60 percent social housing to be rented at shelter rate, a markedly more equitable distribution than the Woodward's redevelopment a decade earlier or other developments in the city that generally require 20-30 percent 'affordable' units.

Due to the re-alignment of housing goals across three levels of government, or 'Stonehenge moment', the non-market units now required less cross-subsidy from the market rentals thanks to an increase in subsidies from senior government. This also meant fewer market units were required to make the project financially sustainable.

¹⁷ While the recommendations of advisory committees like the Urban Design Panel or Heritage Commission are not binding on their own, they are weighed heavily by Vancouver City Council when making their final decision

Housing agreements were required by the City for both the 80 non-market and 62 secured market rentals to ensure their intended purpose was upheld for the longer of either 60 years or the life of the buildings. A covenant requiring that all 62 market units be owned by a single legal entity and prohibiting the separate sale of any market units effectively stops the potential 'condo-ization' of the building and short-term rentals were also forbidden. With the non-market units, a housing agreement was required to secure rent levels for all 80 units at the shelter component of Income Assistance and ownership of the social housing must remain with either a governmental or non-profit organization. Residents would be entitled to a home in a purpose-built, brand new social housing facility with rents fixed to the accommodation allowance on their welfare cheque, and the building could not be converted to market housing or sold to a private party.

9.7. Retaining a Sense of Place

The new social housing at 36 Blood Alley Square will provide a substantial and secure upgrade for some of the city's most marginalized residents. But an equally meaningful challenge for the project, and test for the City's 'revitalization without displacement' strategy overall, will be addressing the risk of cultural dispossession and social isolation for its residents in the renovated Blood Alley Square. Perhaps one of the clearest indications that the demand for recognition as a community has bubbled up through grassroots representation and into official political discourse are the provisions for a 'sense of place', in addition to housing, to be included for the low-income community. The 2014 DTES Local Area Plan (LAP) that currently guides planning for the neighbourhood states its intention to 'ensure that developments and businesses fit the neighbourhood context and do not significantly exclude or negatively impact the low-income community' (City of Vancouver 2014a, 7). The same plan targets Blood Alley Square specifically, with calls to:

Rehabilitate Blood Alley Square/Trounce Alley, to improve the public realm, increase safety and introduce programming, with support for community stewardship as a shared space, including opportunities for the shared low-income community (City of Vancouver 2014, 43)

How the interface between the social housing, market housing, commercial businesses, and public realm is configured will ultimately determine whether this is genuinely holistic approach, a 'space of hope', or cause the low-income community to feel increasingly

isolated and dispossessed when they move from the private realm of their apartments and into the public realm of the square.

While there is clearly political will to retain a sense of place for the poor, how this can be enforced remains vague. During our interview, the lead architect for the redevelopment noted that great efforts were taken to include community stakeholders in the design of the buildings, while also alluding to some contradictions: “this is an SRA project for people with special needs who require special care. And on the other side you have this high-end rental building a few feet from it. And the CRUs (commercial retail units), they are high end too’ (interview, 2021). Preliminary designs for the restaurant space under the market-housing tower that will take have prominent frontage in the square reveal a highly stylized, futuristic, and up-market space (Chan 2020). In their approval of the proposal, City staff instructed designers to ensure that there are areas of the square which ‘have a lesser degree of visual interaction with the ground floor restaurant’ so that the public realm ‘remains inviting for all demographics living in the area’ (City of Vancouver 2017c, 2). This appears to be a walking back of the original LAP guidelines around the ‘neighbourhood context’ of businesses. Instead, it pursues the socio-engineering of space so that upscale consumers and lower income residents are shielded from each other’s view while occupying the same space.

Edelson believes that programming the space with events and activities that engage the low-income community, as well as employment opportunities for residents in at least a portion of the commercial units should be part of the agreement with Westbank and BC Housing (interview, 2021). Finding resources for community events is “an important struggle” to ensure the space does not ultimately capitulate to corporatized or socially exclusive uses, he explains. In the current development permit, planners recommend ‘that while portions of the square should be well-activated and surveyed by the ground-floor commercial uses in 33 West Cordova, staff have also directed that other portions should be kept less active so that citizens of the more vulnerable part of the community do not feel unwelcome’ (City of Vancouver 2017c, 12).

The redesign of the square by is currently being billed as a “revitalized event-friendly space” by developer-booster media (Chan 2019), a practice Stein cautions is a subtle tactic for the semi-privatization of public space, with the ‘upgrading’ of public space towards leisure and consumption being accompanied by new security regimes

and increased policing (2019). If the square is to remain an inviting place for all residents of the neighbourhood, a true 'commons' rather than a securitized space that the city grants access to, it will have to resist favouring people frequenting the ring of commercial outlets that line its boundary over the residents who live above them. Planners Amina Yasin and Daniella Fergusson state that "when planners design public spaces, consideration must be given to who feels entitled to them, why, and what the consequences will be for other people who try to use that space" (2020, 4). In the case of Blood Alley Square, ensuring that community-led programming is given at least equal time to corporate-sponsored events and reserving some of the retail spaces for social enterprise would help to anchor a sense of belonging for social housing residents. How the space is experienced by all of its residents will be crucial in measuring its success.

Conclusions

In his calls for 'pragmatism' against spatial accumulation through dispossession, David Harvey recognizes that we do not have to wait for the 'grand revolution' to constitute spaces of hope (2000, xvii). Actions and alliances that challenge the growing financialization of housing, counter speculative and exclusionary real estate practices, and improve and secure housing for people in poverty should be acknowledged and examined for applicable lessons to improve under existing capitalism. It should also be recognized that such feats did not materialize in a vacuum, but were accomplished in part through the hard lessons of a tumultuous but usable past. In this historical narrative of the Stanley New Fountain/36 Blood Alley site, I argued that the shifting power relations between public bodies, private actors, and community organizations formed under varied political and economic regimes provide a nuanced understanding of how housing is constituted through both conflict and co-production. The value of this research is that it extends beyond the simple framing of the struggle between property rights and the right to the city by emphasizing the relational nature of local actors and the impacts they can have in mediating how larger scale processes play out on the ground. The question then arises: What pathways can be further explored from such a case study, both in the concretized form of urban development and in the theoretical realm of urban study?

Addressing the replicability of the current mixed-use and socially mixed development in Blood Alley Square, it should be noted that the current project is one variation on a theme across several recent projects in the area. In 2015 the Wall Corporation, a company that had previously been associated with high-end residential and commercial developments, entered into a partnership with BC Housing to build a mix of shelter rate, Housing Income Limit (HIL), and market rental units. The project's location in the Downtown Eastside/Oppenheimer District (DEOD), the poorest sub-planning area in the city and one that requires all new residential projects to include a minimum of 60% social housing, was a marked departure for the company's portfolio. As with the Stanley New Fountain, the private developer had acquired the site at a low-cost, sold it to the province, and then bought the market and commercial components back in order to finance the non-market sections. Meanwhile, a block south of Blood Alley Square, local entrepreneur and philanthropist Carol Lee's Chinatown Foundation

has partnered with several public housing and health bodies to construct a social housing project that will include a 50,000 square foot public health facility rather than commercial retail at grade. And in a signal that inter-developer competitiveness has permeated into mixed-income projects, the owner of the recently closed Army & Navy department store announced her proposal for a large-scale, socially mixed project that will be 'more inclusive and better' than Woodward's (Fumano 2021). Merging bold new approaches to mixed-income housing with age-old rivalries amongst the philanthropic classes aside, the question remains: Are such projects a viable model for alleviating low-income housing pressures in the city?

Despite a growing prevalence of projects brokered between the state, private sector, and non-profit and community organizations, the unique contexts behind each of these sites do not make an easily replicable formula for addressing the low-income housing challenge. As this case study of the Stanley New Fountain demonstrates, the dynamics involved are too complex, case specific, and chance-laden to create a transferable model for future developments. Even after the right combination of partners are brought together; housing and funding agreements between government sponsors and non-profit operators are entered into; and development approvals from the City are obtained; such co-productions are not feasible on the scale required to replace or repair existing SRO stock in a timely fashion. In addition, social-mix developments that arise from planning practices like land value capture rely on cycles of economic growth that also produce inequality and downward pressure on low-income housing, making them unsustainable as a 'stand-alone' solution to the affordability crisis. Projects like the Stanley New Fountain are effective as a complementary approach alongside other models of low-income housing production, such as the public acquisition and renovation/replacement of private SROs and the development of new shelter rate and HIL projects in the area. In addition to the actual homes provided, projects like SNF are valuable as a testing ground for new collaborative approaches to ownership, financing, profit-sharing and development and work to reconfigure stakeholder relations in response to the shifting social, political, and economic conditions of our time. Projects like 36 Blood Alley Square also create opportunities to debate what the limits, obligations, and duties of land ownership are in a contested and broadly used space.

Therefore, rather than being a specific housing-partnership model to replicate, the greater lessons from this case study centre around the relational nature of advocacy, policy, and urban development: Greater efficacy for community struggle occurs when it flows up from the grassroots level and through to the channels of political power that then holds the private sector to account. Current literature on the dialectical nature of developer contributions, whereby such planning mechanisms exist as both a means of neo-liberal accumulation *and* as a tactic of state intervention and redistribution, hail the ways in which sophisticated planning systems work to create increasingly beneficial and decreasingly one-sided outcomes for developers and the public. But such literature has omitted the role of community activism and the non-profit sector in percolating the political demands that ultimately ascended into progressive planning practices. In other words, they leave out the conflict-mode of relations between these actors before transitioning into a dynamic of co-production. If we unpack the matrix of conflict and co-production at the neighbourhood scale, it becomes apparent why analysis of progressive urban policy is incomplete if it fails to recognize the contribution of grassroots political articulations.

Drawing on examples from my research, it was neighbourhood coalitions and protest groups in the DTES that made urban renewal schemes politically unpalatable by the 1970s, and ultimately led various levels of government to pursue a strategy of rehabilitation over renewal. This in turn led to the establishment of Gastown as a protected historic area, and the saving of buildings such as the Stanley and New Fountain hotels, which had been scheduled for demolition. Dominant planning histories of Vancouver (Berelowitz 2005; Punter 2004; Beasley 2019) credit the city's shift towards a more community-sensitive approach to a change in civic administrations in 1972, while the legacy of community activism that had been working to counter modernist planning schemes in those neighbourhoods since the late 1950s is glanced over. In the realm of housing, protective policies for occupants of SROs, such as better enforcement of fire, health, and safety codes and the extension of tenant's rights to renters in rooming houses, came on the backs of aggressive protest campaigns before being enshrined in local by-laws. More recently, the campaign for vacancy-control in private SROs (or rent rates being tied to a housing unit rather than its occupant) passed in 2021 after years of mobilisation by local housing activists. From SRA-demolition or conversion fees to the emergence of social housing as the dominant form of developer

contributions, progressive planning practices originate in the conflict mode of relations between community activists, state bodies, and private actors before ascending to official policy. Once enshrined by the state, these political articulations-cum-policies become a condition of doing business for the private sector, completing the sequence from conflict to co-production.

Recognizing community agency and its ability to influence both general policy and specific development projects is important in addressing political cynicism and paralysis. A great deal of anti-gentrification scholarship and structural critiques of neoliberal urbanism frame neighbourhood change as a foregone conclusion in which the private sector has won before new projects break ground. However, research into sites that are subject to struggle and debate reveal how communities can be active players, even in an arena where they are greatly outmatched in access to capital and political power. For example, local political action stopped Fama's conversion of the Woodward's site into an exclusive condominium development, despite the plan being approved by City Council. More recently a proposal for a mixed-use development in neighbouring Chinatown was denied by Vancouver's Development Board (DPB) solely on the grounds of community objections, despite receiving approval from all other relevant planning bodies and complying with all relevant by-laws, policies, and guidelines (Siggers 2021). The state preventing a large corporation from developing its private land holdings in a manner that was consistent with the city's own guidelines, and in a way that would have raised property values and taxes for the city, because of community concerns that new market housing and upmarket commercial retail would threaten the Chinese-cultural and working-class identity of the area, could be viewed as another 'space of hope' for collective claims of ownership. The denial by the DFB marked the first time a private development that met all relevant permitting criteria was denied solely on the grounds of community objections. In 2019 the developer launched a lawsuit against the City for 'violating private property rights', and it remains to be seen which conception of development rights the legal system will uphold: the primacy of the private owner or the community's collective claim to the area, in this case backed by the highest planning authority in the city. Either way, community mobilisation can actively restructure the power dynamics between community, state, and private actors, and the results do not always favour 'the real estate state'.

In addition to tracing how neighbourhood political articulations have helped shape the City's highly interventionist yet discretionary approach to development rights, this case study raises the question of how socially minded developers and entrepreneurial nonprofits engage in such a framework. Harold Kalman's Cordova Redevelopment Corporation adopted and adapted to both non-profit and developer operating models in order to create partnerships at various levels - community resident associations, private investors, and the CMHC among others - in an era characterized by generous funding and experimental approaches to both socialized housing and architectural revival. PHS also took an entrepreneurial and growth-based approach to non-profit work, mirroring the private sector's strategy of property accumulation in order to block market developments and out-competing fellow non-profits in accessing public funding and developer contributions in an era of resource struggle and austerity. On the private developer side, companies like Westbank in Vancouver and the Daniels Corporation in Toronto have fine-tuned their approach to courting political favour and unlocking discretionary bonuses from planning departments through their community-sensitive work. Research on the increasing 'professionalization' of the non-profit sector (Hasenfeld and Garrow 2012; Alexander and Fernandez 2020) and the rise of 'socially minded' developers (Rosen 2017; Hyde 2018) exist as separate fields of study, but further academic inquiry linking these two phenomena and the ways in which the state acts as a broker would help elucidate the impacts of these transactional relationships.

As some aspects of neo-liberal city-building move beyond the principal of *highest and best use*, defined by Samuel Stein as 'the best use for any piece of land is that which derives the greatest value at the lowest cost and allows buildings to actualize their full potential rent' (2019, 65) and towards an approach that reclaims a degree of social benefits away from private profits, what mechanisms can be put in place to measure the 'captured value' for the public versus what is given away? While I have argued that the Stanley New Fountain site offers a 'space of hope' in the dynamic field of co-production, further research into the minute-level details of such partnerships is needed to create more transparency over how much costs are being allocated to the public and profits to the private sector. Zachary Hyde's research into the details of the Woodward's development revealed that Westbank's public portrayals of its financial contributions to the social housing component of that project were misleading, given that those units were in fact paid for by the public (2018). More investigations that hold the private

sector's altruistic claims accountable would be beneficial in the often opaque realm of community amenity contributions. My own research into the Blood Alley site revealed that the private sector's 'donation' was land, revenue sharing, and construction expertise in return for increased height and density bonuses, while the social housing construction costs were borne by the public. As the lines between public and private ownership become increasingly blurry, academic analysis of how financial costs and rewards are distributed in such partnerships would improve both transparency and accountability. Demystifying what planners are 'giving away' versus what value is being recaptured, would be highly pertinent to the field of urban studies. With regards to social-mix developments, additional assessments of the social benefits of the actual housing provided versus the potentially exclusionary impacts of both raised property values in the neighbourhood and the level of displacement pressure felt from increasingly upscale residents and commercial outlets that accompany such housing bear further examination.

Another potential pathway that my study touches on but that would benefit from additional academic inquiry is the application of urban design principles in public realm spaces that interface with new residential and commercial developments in socially contested neighbourhoods. As the City of Vancouver pursues its strategy of 'revitalization without displacement' in Gastown and the wider DTES, how can concerns over the physical displacement and cultural dispossession of low-income residents be addressed in the renovated public spaces of the neighbourhood? Social-mix developments like Woodward's, 36 Blood Alley Square, and the upcoming project at the Army & Navy department store all include significant 'public realm' components that interface with new housing and commercial outlets. Various urban scholars have raised concerns for the ways in which the preferred aesthetics and amenities of newer, wealthier residents push poor residents and their cultural products out of such 'shared' public spaces (Blomley 2004; Stein 2019; Yasin and Fergusson 2020). As contests over space encompass both the physical realm and its connection to meanings and memory, the ways in which plazas, squares, patios and atriums are experienced by all residents would be a pertinent research topic with regard to the City's broad goals for the area. How can public realm design have a positive impact on the complex social relations of the city, especially in areas that are shared by people with vastly different life-worlds, financial means, and experiences? Public realm initiatives like the new Blood Alley

Square will require considerable sensitivity to the precarious balance of stakeholder interests and policy goals, with inclusive arts or public programming directed against physical and social displacement.

A robust intellectual memory of tensions over space and belonging stretching back to the first waves of 'revitalization' five decades ago remind us of what is at stake and the power of partnerships in securing a right to the city. It also reveals how Gastown is central to understanding and disrupting dominant narratives of 'Vancouverism'. The social demographics of the DTES have shifted dramatically since the days of urban renewal, 'beautification', Expo 86, and even the Woodsqaut. But it has remained a refuge and last stop for many who face barriers finding homes and support services in both greater Vancouver and nationally. Socially it remains one of the most diverse communities in the city, including a higher-than-average number of residents born outside of Canada, a majority of residents born outside of Vancouver, and Indigenous and racialized groups proportionally making up much more of the neighbourhood's composition than the city average (City of Vancouver 2020). In recent years it has increasingly become a diasporic space for Indigenous peoples from across the region and country, with the area's First Nations population being 4 to 5 times higher than the city average and making up one of Vancouver's fastest growing demographics. Meanwhile the 2016 census revealed the DTES' population growth had outpaced the rest of the city, much of which was attributed to an increase in middle to upper income residents. A significant jump in household median incomes was accompanied by a drop in residents in the lowest income bracket. Meanwhile homeless counts rose to their highest number since counts began, with a 23% increase over two years (City of Vancouver 2020, 7). All of these factors coalesce around the various fault lines and shared interests of the neighbourhood, opening up new spaces for conflict and co-production to occur. Viewed through this prism of relations, the persistence of the Stanley New Fountain/36 Blood Alley Square site is both a result of housing struggles and a means to end housing struggles.

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