Fueling Community Economic Development

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Four Approaches that Increase Affordable Commercial Space

It's no secret that small businesses and community-serving organizations are struggling. Rezoning, redevelopment, and increasing land costs are putting upward pressure on commercial rents and displacing existing businesses. At the same time, these entities are more important than ever. Small businesses are a significant economic driver; 32% of BC's GDP can be attributed to small business activities[1]. Community-serving organizations (which include social enterprises) provide important social benefits and can increase local labor force participation through skill building programs, mentorship, and providing employment.

High rents have been identified as a significant barrier to business sustainability in BC; finding ways to increase commercial affordability is paramount to retaining existing and encouraging new small businesses and community-serving organizations. This article discusses four case studies of initiatives that have successfully increased the amount of affordable commercial space in their respective municipalities. Each initiative applies a tool that we associate with affordable housing to enhance community economic development.

Inclusionary Zoning: Affordable Workspace Programme

The Affordable Workspace Programme is a London Borough of Islington initiative that creates time-limited affordable commercial spaces through development policy and levies. Its Affordable Workplace Policy requires that 10% of new developments over 10,000 square feet in designated areas be leased to Islington Council at negligible rent for a negotiated term of at least 10 years. The Council subleases the space to a social-impact operator, which provides community benefits in lieu of rent, while the building owner retains the asset for future market-rate use. Community Infrastructure Levy contributions and Greater London Authority funding support the programme.

The programme has created seven spaces that accommodate manufacturing, social enterprises, charities, and co-working services, which provide local employment, training, and skills development. Between November 2019 and December 2025, programme tenants generated a combined £7.4 million in Social Value, measured using the Social Value Portal's TOMs framework[2]. Other UK local governments have now adopted this model.

An early challenge was that the policy produced spaces too small to support commercially viable operations. The policy was subsequently revised, increasing the required affordable-workspace proportion from 5% to 10%.





Government Owned Real Estate: Cultural Space Agency

Seattle's Cultural Space Agency (CSA) is a city-chartered public development authority created in 2020 to address the displacement of cultural spaces caused by gentrification. Its mission is to create and maintain affordable, BIPOC-controlled cultural spaces through real-estate transactions and capacity building. The CSA is governed by an 18-member community council, predominantly people of colour, who help identify opportunities, prioritize partnerships, and recommend tenants.

The CSA acquires or controls properties through government land transfers, long-term leases, commercial strata purchases, and direct acquisition. It then negotiates rents and lease terms around the needs of individual cultural organizations, allowing for long-term security. In one example, a tenant holds a 60-year lease and pays operating costs rather than conventional rent in exchange for providing a public benefit.

The CSA ultimately aims to transfer ownership of properties to community organizations. Project partners initially share ownership with the Agency, with partners gradually building equity before purchasing the property below market value. Funding for the CSA comes from municipal resources, grants, philanthropy, and private donations. The Agency raised $15 million in its first six months and $28 million within three years, building a six-property portfolio that includes the Columbia City Theatre and a cultural-space incubator. The next step is to navigate the technical and financial complexity of transferring real-estate ownership to community partners

American Public development authorities are analogous to Canadian city-owned corporations. A local example is the Burnaby Housing Authority.



Community Owned Real Estate: Anchorage Community Land Trust

The Anchorage Community Land Trust (ACLT) invests in commercial real estate in underinvested areas, providing affordable space for community-serving organizations and artists. It purchases properties directly or through private-sector joint ventures, develops or renovates them, and leases space below market rates. Market-rate properties in its portfolio help subsidize affordable spaces.

Real estate is part of a broader community economic development model. ACLT provides entrepreneurs with business training, lending, technical assistance, and access to alternative financing. It also works with housing providers, tribal councils, refugee and immigrant organizations, and other community partners. Originally using a "space first" approach—buying property before identifying tenants—it now uses a "tenant first" model where the ACLT works with entrepreneurs to identify their needs, and then finds or develops appropriate commercial space. Tenants may receive subsidized or market rents, with longer leases available to nonprofits and artists.

The model has produced measurable economic impacts. ACLT invested $16.9 million in 10 properties along Mountain View Drive, helping generate $53 million in additional partner investment and providing more than 5,000 hours of support to 500 small businesses[3]. Businesses along the corridor have matched ACLT's investment at a 7:1 rate, while its Set Up Shop programme helped 96 businesses launch or grow in 2022.

ACLT's early challenges included learning the complexities and risks of commercial real estate as a nonprofit. It also found that its original "space first" model was slow and not very effective at building community wealth and capacity.

This year, the City of Vancouver passed a motion to support the creation of a Cultural Land Trust which will give small and medium sized arts organizations access to land ownership opportunities.



Temporary Use Policy: Meanwhile Space

Meanwhile Space is a London social enterprise that creates short- and medium-term affordable commercial spaces in vacant or underused buildings and lots. It acts as an intermediary leaseholder, identifying vacant properties, engaging community stakeholders, adapting spaces where necessary, and subleasing them to businesses, artists, startups, and community organizations at below-market rents.

Tenancies range from several months to 10 years, with rents generally at least 20% below market and, in some newer projects, up to 40% below market. Deposits are not required, lowering barriers to entry. As leases approach expiry, Meanwhile Space works with tenants to plan for relocation.

The organization collaborated with the Greater London Authority to develop "meanwhile use" leases that allow vacant properties to be productively used while awaiting redevelopment or another long-term use. Its financial model is relatively self-sustaining: tenant rents generate approximately 60% of revenue, with consultancy and development-management work providing the remaining 40%.

Since 2009, Meanwhile Space has supported more than 940 small and medium-sized businesses, worked with over 100 project partners, and secured more than 242,000 square feet for meanwhile uses. It currently operates eight retail and workspace projects serving more than 150 tenants[4].

Meanwhile Space's main limitations are access to capital, since the organization generally does not own the properties it manages, and rising operating costs. Successful projects also require substantial upfront community engagement to understand local needs.

The City of Vancouver used a version of meanwhile use policy to permit modular social housing on empty City sites, and is currently running the Downtown Eastside Temporary Occupancy Permit Pilot (TOPP) project, which facilitates the occupancy of vacant storefronts in the DTES through a simplified permit process and free inspections, making it easier to test a business idea or operate a short-term pop-up.



Concluding Thoughts

These initiatives demonstrate different ways of increasing commercial space affordability, and while the approaches differ, all involve non-market landowners or intermediaries and require ongoing resources, active management, partnerships, and community engagement. Each adapts a tool commonly used to increase affordable housing; inclusionary zoning, public ownership, community land trusts, and temporary-use policies; and uses it to create low rent and flexible commercial spaces agreements that support local business and community-serving organizations. Together, these models offer municipalities and community organizations a range of approaches that can be adapted and combined to meet context-specific community economic development needs.

This case study research was completed as part of Active DTES, a project of the City of Vancouver Special Enterprise Program that aims to help match community-serving businesses with spaces in the Downtown Eastside. The full 2023 case study report can be found here: https://hessey.ca/wp-content/uploads/2023/09/23-09-22-Activate-DTES-Affordability-Case-Studies.pdf

Maya Korbynn is planner with a breadth of experience in economic development, climate resilience, housing, and transportation planning. She is currently a transportation consultant who is contributing to expanding economic development by planning recreational active transportation routes that connect rural, less well known places to popular tourist towns. Maya is also a volunteer on the PIBC Communications Committee.

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[3] *Our Impact*. Anchorage Community Land Trust. https://anchoragelandtrust.org/our-impact/

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