Social Impact Hubs

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SUBMITTED TO:
Toronto City Council

SUBMITTED BY:
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Table of Contents

1. PROJECT PROPOSAL SUMMARY SHEET

Name of Organization:
David McAntony Gibson Foundation - GlobalMedic

Project Title:
Social Impact Hubs

Country/Region/Location:
Toronto, Ontario, Canada

Potential Funder/Name of Donor Agency:
Toronto City Council

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2. CURRENT NEEDS & BACKGROUND INFORMATION

The COVID-19 pandemic has further exacerbated the need for charitable operations and these operations need a space to grow in Toronto. The impact of the COVID-19 pandemic saw an incredible increase in needs for services in Toronto, especially in mental health, food security, and hygiene security. According to the most recent "Who's Hungry" Report from the Daily Bread and North York Harvest food banks, the demand for food bank services has skyrocketed in the city. Between April 1, 2020, and March 31, 2021, there were a staggering 1.45 million visits to food banks in Toronto, representing a 47% increase over the previous year. Over that same period, new users of food banks and community food programs outnumbered existing users.

Start-up ventures launched with the mandate to do social good and established non-profits are often not able to compete in the Toronto real estate market due to the high cost of rent and are priced out of ownership. The average industrial lease rate and commercial/retail lease rate both increased from Q3 2020 to Q3 2021, up by 18.4 percent and up by 38.3 percent respectively. With ongoing gentrification, non-profits are also forced to relocate outside of the city, or occupy a smaller shared space which impedes their ability to grow and scale up.

It is difficult for small agencies to bring innovative projects to life due to the limitation of shared space and there is also less room for collaboration with other like-minded agencies. This also leads to the inability to scale up projects that work well.

Larger charities like North York Harvest Food Bank and Furniture Bank are facing a space crunch as well. Their occupancy costs like so many other charities will effectively double as they renew leases. This means they will either contract or leave the City. At a time when needs have increased, The City can ill afford to lose charitable capacity.

COVID-19 restrictions and health guidelines also lead to charitable agencies needing to decentralise as they had to space their volunteers at a distance to pack and assemble aid kits. This exacerbated the need for space and the ability to expand.

The City of Toronto funded over 870 community agencies in 2020. While this funding may seem like an adequate solution, the buying power of this funding has been cut in half due to rent increase, rising real estate prices and inflation. The social impact hub model is an alternative solution and dramatically increases the value of the funds being invested.

City arenas, community centres, school gymnasiums and warehouses were reassigned to charitable agencies to be able to meet the needs. One shining example of a social impact hub was Cloverdale Mall in Etobicoke. QuadReal Property Developers own the mall and donated 110,000 square feet of space in what used to be the Target Store. Five local charitable groups used the space including GlobalMedic, the North York Harvest Food Bank, the Salvation Army, Furniture Bank and the Humane Society. Millions of pounds of food aid were sorted into food hampers. Tens of thousands of hygiene kits were assembled. Donated furniture was assembled, sanitized, quarantined, and used as part of the City's Rapid Rehousing Program. The space also became home to a city-operated mass vaccination clinic, offering COVID-19 and influenza vaccinations to hundreds of people each day. This super-hub of good is demonstrable proof of concept for the model being presented.

GlobalMedic has also benefited from donated space outside of Cloverdale Mall. The City of Brampton, the City of Cambridge, University of Toronto Scarborough and Humber College have all offered their unused space to GlobalMedic since the onset of the pandemic. These spaces greatly increased the amount of aid that GlobalMedic was able to produce in response to increased needs, and also widened the reach of aid GlobalMedic was able to provide.

3. OUR SOLUTION

3.1. Action Plan

Globally, social impact investing is growing and offers new opportunities for both social ventures and investors. Impact investing is growing rapidly in Canada, up from $8.15 billion at the end of 2015 to $14.75 billion at the end of 2017-reflecting a growth rate of 81% over two years. Impact investing in Canada is expected to grow at high levels for the next few years. There are increasing opportunities to invest in ways that provide social benefit as well as financial return. Investing in and creating Social Impact Hubs, charities and start-up non-profits can share a collaborative space to do social good. By securing a large building with flexible use, the City of Toronto can provide an asset that will appreciate over time. Space can then be made available for free or at subvented rates to start-ups and agencies that produce products that are innovative and help society.

This allows these types of start-ups to grow and expand. The City of Toronto still retains an appreciating asset but leverages their investment to allow social ventures to deliver programs and services that are needed in the city. As an investor, the social impact return is the sum total of the outputs of the tenants. Each beneficiary and product are a social return for the investor.

A lead agency like GlobalMedic can run the facility and oversee the availability of space for partners. This allows for the creation of collaborative space where like minded innovators can work closely to develop and deliver products that yield a social dividend. The key is providing a larger space that provides start-ups with the possibility to manufacture, build, assemble, store, and grow. This flexible space would provide a tool that is lacking in existing centres of social innovation and co-working spaces that focus on office, meeting, and warehouse space. With a larger, more flexible space, start-ups and agencies would have the resources needed to bring a new concept to scale. A shared space would allow for the opportunity of shared knowledge and resources, for example, GlobalMedic has extensive experience in logistics which can be used to help other agencies deliver their programming.

As the City of Toronto works through their ModernTO restructuring process, they could become a social investor by converting newly available city-owned buildings into social innovation hubs instead of selling them.

A building with around 100,000 sq/ft would allow multiple charities to work in the space at the same time, in turn creating more opportunities for collaboration. For example, a site this size could house GlobalMedic operations, the North York Harvest Food Bank, Furniture Bank and allow for a smaller startup to operate. Space could be made available to community groups to use for packing aid and running events. By having like minded agencies sharing space, efficiencies can be achieved. If one agency has extra logistics capacity, it can be used by another. Agencies can interact and learn from each other. They can share lessons learned and improve each others' operations and capacity. The start up agencies will get the benefit of larger agencies' wisdom and guidance to help them grow to scale.

Smaller buildings of around 15,000 sq/ft would still allow for collaboration and shared resources but there would be less room for scaling up new projects. GlobalMedic could place domestic food operations in a smaller building including its new vertical farm project. The rest of the space could be used by other partners or start-ups.

The donor becomes a social investor whose asset, the building itself, will continue to appreciate over time, ultimately leading to a positive financial return at the time when the asset is sold. The tenants will cover costs for operations, maintenance, and taxes. The investor can decide if a nominal rent should be charged. If it is owned by a charity, there is the possibility that property taxes are waived which makes the operating costs even cheaper.

This hub model is already being implemented in Eskistuna, Sweden, as the world's first recycling mall. The Retuna Shopping Mall houses 14 specialty shops and everything sold is recycled, reused, or sustainably produced. The shared space for these resellers allows for collaboration and innovation between the tenants. The building will appreciate over time, while reducing the carbon footprint of the surrounding community. By bringing together like-minded teams, it generates more success as opposed to having the shops in multiple locations where resources cannot be shared.

Toronto has already witnessed a pilot project showcasing this model. The donated space by QuadReal at the Cloverdale Mall is a shining example of this idea. Several charities were given space to operate and a vaccine clinic has been running for months. Space to house ventures that provide social impact is a great way forward and a proven model that needs to be scaled up.

3.2. Beneficiaries

The direct beneficiaries of the project will be the non-profit organizations who are able to use extra office, meeting, and warehouse space for their operations. This flexible space will allow agencies to expand their programs and reach more people in need. The indirect beneficiaries of this program are the vulnerable populations in Toronto and beyond that the agencies can support.

3.3. Organizational Capacity

The David McAntony Gibson Foundation, which operates as GlobalMedic, is a registered Canadian charity that has provided life-saving disaster relief and humanitarian aid since 2002. GlobalMedic is committed to delivering the right aid to the right people at the right time. Founded by a first responder, staffed by professional humanitarians, and backed by a team of emergency workers and skilled volunteers, GlobalMedic has been able to respond to 238 disasters in 78 countries including Canada. The organization has provided emergency support such as food, water purification/hygiene, shelter, and medical services to over 4 million people in need.

3.4. Coordination

Acting as the lead agency managing a social innovation hub, GlobalMedic will coordinate with other partner NGOs and start-up organizations looking to do social good. As the primary tenant of the building, GlobalMedic would be responsible for paying the building taxes, maintenance fees or any associated insurance costs. The space would be used for expanding domestic responses. The extra warehouse space will allow more aid to be prepositioned, this ensures a more rapid response to emergent disasters. If needed, the space can also be used as a volunteer aid packing site or office space for additional staff.

Our partnerships with local food banks like the North York Harvest Food Bank (NYH) and the Mississauga Food Bank (MFB) have highlighted the need for extra space for daily operations. When NYH experienced flooding in their warehouse last year, they were scrambling to find locations to store their food donations. This slowed down their operations during a time when food bank usage was at an all time high. Due to space restrictions during the pandemic, MFB was unable to sort through their food donations. GlobalMedic supported MFB by mobilizing our volunteers to sort through food at an offsite location. Through GlobalMedic's other programs, we have identified additional agencies who need more space. The Furniture Bank is one of these organizations. They provide furniture to those experiencing furniture poverty.

These agencies are just examples of the many charities and non-profits struggling to keep their essential programs running at scale in the GTA. A social innovation hub would allow for agencies like this to have the breathing room required to meet the needs of their ever-expanding client base, while also innovating and collaborating to find the best way to target and address these issues. It would also allow for pooling of resources like material handling and trucking equipment. Programs run by multiple agencies could be evaluated much more easily to find synergies between them and ultimately make each party's operations more effective and efficient.

The COVID-19 pandemic has caused a huge number of problems beyond the spread of the virus itself, but it has also highlighted the positive outcomes that can be achieved when non-profits, community groups, emergency services, local businesses and governments collaborate to find innovative solutions. Through our own operations over the last year, GlobalMedic has been able to organize collaborations between these different sectors on multiple occasions to create solutions for immediate needs families have been facing. As well as simply allowing agencies to take their programs to scale on an individual level, a social innovation hub provides the opportunity for this type of collaboration on a grander scale.

4. FINANCIAL INFORMATION

4.1. Project Budget

The City of Toronto would donate unused city-owned buildings to operate social impact hubs.