

THE CASE FOR THE CORE

Provocations
for the Future
of Canada's
Downtowns

BRING
BACK

MAIN
STREET



Canadian
Urban
Institute

Institut
Urbain du
Canada

CANADIAN URBAN INSTITUTE

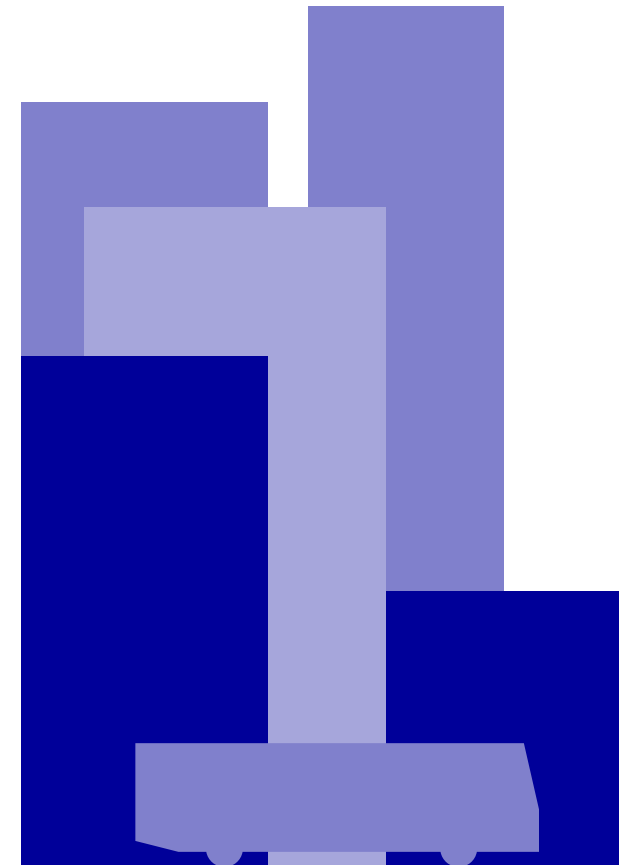
CUI is Canada's Urban Institute. We are a national platform where policy makers, urban professionals, civic and business leaders, community activists, and academics can learn, share, and collaborate with one another from coast to coast to coast. Our mission is to support vibrant, equitable, livable, and resilient cities in Canada through research, engagement, and storytelling.

LAND ACKNOWLEDGEMENT

CUI is committed to advancing reconciliation with Indigenous Peoples. We acknowledge and respect that our programs are delivered on the territory of many Indigenous Peoples. CUI is headquartered in the city of Toronto, the traditional territory of many Nations, including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee, and the Wendat Peoples, and is now home to many diverse First Nations, Inuit, and Métis peoples. Toronto is built on lands covered under Treaty 13 and the Williams Treaties.

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FOREWORD

“You can’t rely on bringing people downtown, you have to put them there.”

—Jane Jacobs,
Death and Life of Great American Cities, 1961

As in places around the globe, Canadian cities are defined by the unique attributes of their ‘downtowns’. Often organized around assets that drew people to settle there in the first place, downtowns throughout history have served farmers selling produce, merchants trading wares, activists rallying support, and tourists craving entertainment.

But as Jacobs observed so presciently some 60 years ago, downtowns don’t just happen. They evolve over time, the result of public and private investment – and planning – that nurture the potential of proximity and agglomeration.

As the coronavirus pandemic arrived and the unprecedented scale of disruption in Canada’s cities came into focus, the devastating impact on Canada’s cities became immediately clear. COVID-19 exposed tragic spatial inequities in our cities. The neighbourhoods where essential workers were able to afford to live were in fact the least accessible and with the least access to public spaces essential to relief from perpetual lock downs. Meanwhile, across our cities, reduced shelter capacities and community supports due to lockdown measures led many community members experiencing homelessness to create encampments in public spaces to find security, safety and community.

But COVID-19 has also had an indelible impact on our cities’ spatial cores – our central business districts and our downtowns. No workers, no business travelers, no tourists, no commerce, no retail and no taxes.

This report is our moment to provoke a massive re-think of what our downtowns need to become, as we emerge from COVID-19.

In the initial months of 2020 as work for many shifted from office to home, the Canadian Urban Institute (CUI) worked with a broad coalition of partners from community, business and governments to focus on how the pandemic might present an opportunity to re-ignite neighbourhood economies through a campaign to Bring Back Main Street (BBMS). Through the summer and fall, BBMS mobilized partners to identify common main street challenges and develop research and policy recommendations to engage policy makers at every level and advocate for interventions to strengthen local economic districts.

In early 2021, it was clear that the other side of the main street recovery coin were downtowns and the central business districts (CBDs). Facing unique and potentially catastrophic challenges, the second phase of BBMS was launched with a specific goal – to “restore the core”. In early March, we hosted a summit on the [Future of Canadian Downtowns and CBDs](#), featuring a cross-section of Canadian and international urbanists, community leaders and downtown-builders. We released a [discussion brief](#) to frame and inform the issues,

convened a working group of downtown leaders and launched [CityTalks](#) to reach thousands of Canadians. The culmination of this work is presented in this report, a call to action with bold provocations for the future of Canada's downtowns.

As this work has progressed, one key insight has emerged. Our initial aspiration to restore the core isn't good enough.

They need to be transformed.

Every challenge exposed by the pandemic – inadequate housing choices, mounting mental health and addiction challenges for vulnerable populations, transit funding, inequitable public realm investment, consumer purchasing shifting to digital platforms and the mismatch between the responsibilities of municipal governments and the revenue tools at their disposal – manifested most acutely in our downtowns.

Jacobs also famously said "intense cities contain the seeds of their own regeneration".

So it is with Canada's cores.

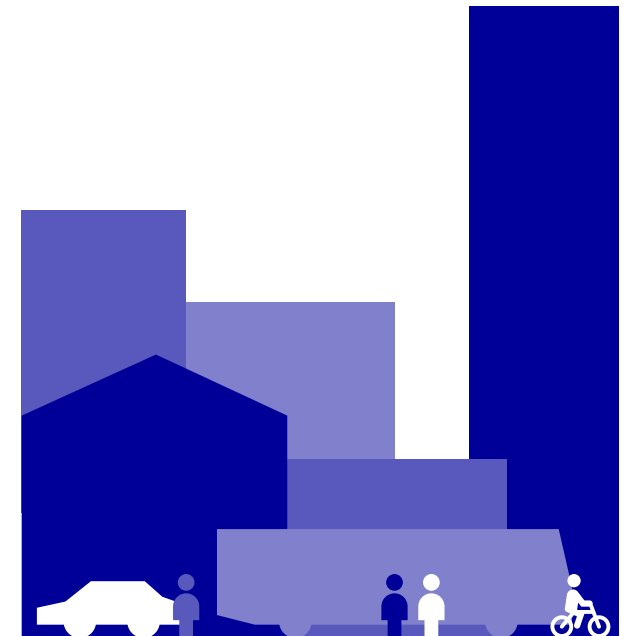
Discussions with project participants and our analysis of the rapidly evolving dynamics in Canada's cities, makes clear we need bold, purposeful actions, policy leadership and investments from the private and public sectors at every level, to enable Canada's downtowns to become more vibrant, more diverse and more resilient than they were before COVID-19.

This report marks a new beginning.



Mary W. Rowe (she/her)
CEO & President,
Canadian Urban Institute

“Every challenge exposed by the pandemic ... manifested most acutely in our downtowns.”



1.0 INTRODUCTION

Looking back through history, previous pandemics and urban crises have prompted radical changes to cities. The Great Fire of London in 1666 ushered in building codes calling for fireproof brick construction. Waves of influenza, cholera, typhoid, and other urban diseases in 19th century Canadian cities spurred calls for sewer and water systems, public health and sanitation regulations, and bylaws to separate residential and industrial land uses.

The COVID-19 pandemic will also leave indelible marks on our cities, but there is still uncertainty about the form that change will take, and what we are willing to reevaluate.

Globally, people are contemplating what the future may bring for urban life. Much of this attention is focused on downtowns, typically the densest parts of cities, as the pandemic has called into question a fundamental driver of metropolitan success: the benefits of agglomeration.

Questions This Report Will Address:

What are the key functions of downtowns?

Why are downtowns important?

What trends have impacted Canadian downtowns as the pandemic has unfolded?

What are the possible scenarios and implications for the future of downtowns?

What are the bold ideas to transform our downtowns?

Some argue that little will change; that our city cores, and the economic and governance systems they rely on, will weather this crisis. With some recovery investment and tinkering at the edges, cities and their cores will bounce back.

Others predict the death of the core as we know it; a disinvestment and exodus of businesses and people driven by the lure of working from home, the fear of pathogens, and the explosion of e-commerce.

The most optimistic voices argue that the pandemic will transform cities and downtowns for the better. Recovery from a crisis of this magnitude is a generational event, opening a window of opportunity for urban reform designed around human and ecological health, economic justice, and redress of systemic discrimination.

Nobody can be sure which it will be.

What is certain, however, is that the impacts of the pandemic could erode the considerable value that Canadian downtowns contribute to our cities and country as a whole. As economic hubs, residential neighbourhoods, commercial and cultural destinations, and concentrations of built form and public space, there is much to be lost if downtowns fail.

The near-term recovery is currently preoccupying many city-builders across the country and around the world. But cities are complex organisms that change and evolve over long time horizons. While city staff, public health officials, businesses, civil society leaders, and residents must continue to grapple with the immediacy of the pandemic, they must also have an eye on emergent opportunities and plan for the longer-term.

That is the focus of this report – to provoke thought about why downtowns are important, how pandemic-induced changes will influence their futures, and why purposeful plans and actions are needed in this highly fluid, once-in-a-generation moment. Developed by a cross-disciplinary team with expertise in strategic

“The pandemic has been wrenching and traumatizing in so many ways. But it has created a moment to reimagine the composition of our downtowns and main streets, to reassess priorities, and to consider what it will take to purposefully build downtowns.”

foresight methods, the **Case for the Core** is built on a foundation of research and a sweeping scan for signals of change in cities and downtowns. It is informed by an advisory group of experts that shared their insights, ideas and perspectives on multiple aspects of downtowns. The report also features bold provocations shared by leading thinkers and practitioners during CUI’s summit, The Future of Canadian Downtowns and CBDs, held in March 2021.

The pandemic has been wrenching and traumatizing in so many ways. But it has created a moment to reimagine the composition of our downtowns and main streets, to reassess priorities, and to consider what it will take to purposefully build downtowns in Canada’s cities to be more vibrant, equitable, resilient, and livable.

What do we want the future to look like? What do Canada’s cities need their downtowns to become?



**OTTAWA
DURING COVID**

2.0

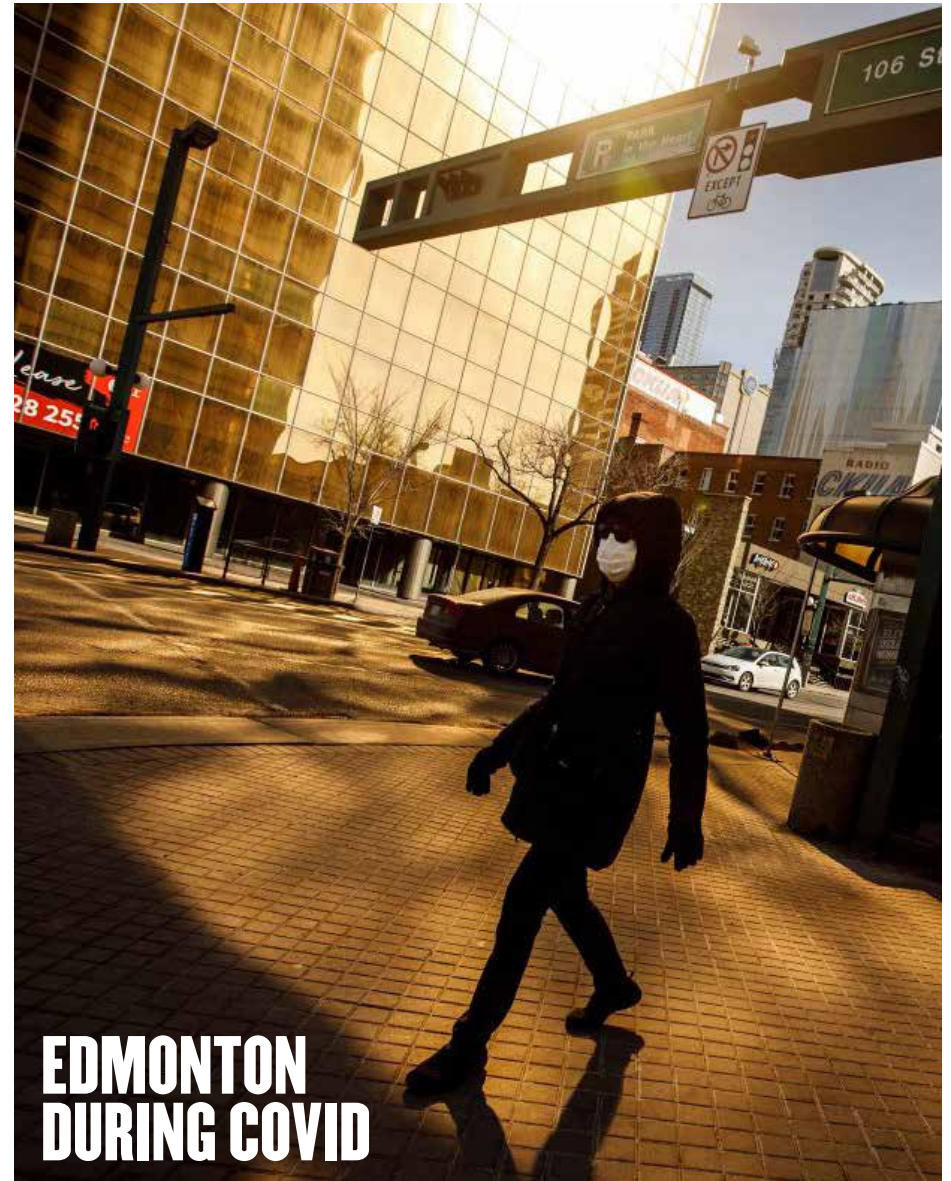
**THE BUILDING
BLOCKS OF
DOWNTOWNS**

2.0 THE BUILDING BLOCKS OF DOWNTOWNS

Across Canada's big cities, no two downtowns are the same. Each downtown has a distinct geography and vibe. But it's clear to anyone who has visited a big city that downtown is where the action is.

At times captivating or imposing, beautiful or nondescript, alluring or unsafe, city centres evoke a strong sense of place and offer an immediate impression of the city. Central from a spatial perspective as well as an economic and cultural one, vibrant, successful downtowns are essential to Canadian cities and the country's prosperity.

This section defines what a downtown is, identifies a set of common functions that make up a downtown, and describes why downtowns matter to Canadian cities – and will continue to long after the pandemic.



2.1 WHAT IS A DOWNTOWN?

In large cities, downtowns are commonly understood as the dense, central commercial district, usually adjacent to or encircled by older residential neighbourhoods. The terms ‘downtown’, ‘central business district’, ‘business centre’, and ‘central core’ are often used interchangeably.

Across Canadian cities, the delineation of downtown boundaries can depend on public perception, or the method used by the organization compiling data. In this report, downtowns are defined to encompass the central neighbourhoods – broader than just the central business district (CBD) which contains the commercial core. To facilitate a consistent approach, Statistics Canada has proposed standardized boundaries for Canada’s downtown neighbourhoods.¹ Those boundaries were used for the analysis in this section.

Downtowns have been shaped by their geographies, histories, economies and civic and political cultures. Some Canadian downtowns were thriving pre-pandemic and others were struggling, repositioning, or revitalizing. Across Canada’s big cities, there are major differences in the economic structure and industry mix in downtowns:

- **the number and profile of resident populations**
- **the infrastructure and predominant modes of mobility**
- **the spaces and built form**
- **the role of arts and culture, civic and civil society institutions**

**SOME CANADIAN
DOWNTOWNS
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OR REVITALIZING.**


Let's take a few examples. Downtown Vancouver is located on a peninsula. It is an international and regional gateway, with port city heritage, picturesquely bordered by water and a large urban park. Vancouver has a mixed downtown economy, oriented to professional services, with large numbers of tourists served by a high ratio of retail stores, restaurants, and bars than other Canadian downtowns. It is also home to a range of complex interconnected social issues facing vulnerable community members, including housing affordability, homelessness, poverty, and addiction and mental health challenges.

Downtown Ottawa, also scenic, on the banks of the Ottawa River, has very different characteristics. Residents are distributed at a lower residential density than in downtown Vancouver, but there is a larger share of post-secondary students. As the National Capital, the downtown economy has the highest concentration of public sector employment among large Canadian cities (nearly 50%). Downtown Ottawa is also a significant tourist destination, with major cultural institutions and festivals, and comparatively affordable real estate serviced by a new light rail public transit line.

Downtown Calgary, nestled between the Bow and Elbow rivers, brings together offices, hotels, retail, and restaurants, as well as a range of entertainment and cultural attractions. Large investments in residential development have been made in recent years. Downtown Calgary is facing the dual impact of reduced demand as a head office location due to COVID-19, and weak oil and gas prices.

Downtown Toronto is Canada's largest downtown, with the country's financial sector and largest concentration of skyscrapers. It is composed of many diverse neighbourhoods, within walking distance of Lake Ontario. The downtown theatre and entertainment district is the largest in the country and home to several major professional sports teams. It also faces challenges with housing affordability and transportation capacity to bring workers downtown.

While Canada's downtowns differ in their features, they have common functions and uses.² Figure 1 offers a framework of nine functions of downtowns, building on work commissioned by the City of Montréal for six cities. The nine functions are highly interdependent.

 **Given their strategic locations at the very center of major metro areas, Central Business Districts (CBD) are perfectly positioned to be remade as more vibrant neighbourhoods where people can live and play as well as work – a leading-edge example of what many urbanists are now calling 15-minute neighbourhoods. And with conscious and intentional action on the part of the urban leaders and assistance from the federal government, these CBDs can be rebuilt in ways that are more inclusive and affordable.”**

—Richard Florida

THE NINE FUNCTIONS OF DOWNTOWNS*



Transportation & Transit

Downtowns are hubs of mobility, connected with surrounding neighbourhoods and suburbs by public transit (commuter train, subway, bus), roads, and highways. Public transit and private car are typically the most common modes, but others such as active transportation (walk, bike) and ride-share/taxi are prominent.



Residential

Downtowns are places to live that attract a diverse population. Residential densities are typically higher than elsewhere in the city. There are often greater concentrations of students and working age residents, single-person and renter households, highly educated and high-income residents, but also lower-income residents, including unhoused and marginalized people.



Community

As civic commons for cities, downtowns are the location of civil protests and communal celebrations, civic spaces like libraries and parks, and non-profit and charitable community organizations ranging from shelters and employment services to resident associations and places of worship.



Educational

Many major city centres in Canada are home to post-secondary institutions, some with multiple campuses.



Tourism, Culture & Entertainment

Residents and visitors come downtown for cultural attractions and entertainment, such as museums and theatres, festivals and professional sports, conferences, and convention facilities.



Office

Downtown agglomerations include headquarters and offices for large enterprises in professional and financial services, startups, the public sector, and non-profit organizations.



Commercial

Downtowns are home to commercial centres and roads, at times pedestrianized, that can be a major attraction. Commercial activity includes retail and service businesses, flagship malls, high concentrations of restaurants and bars, and lively nightlife districts.



Health & Safety

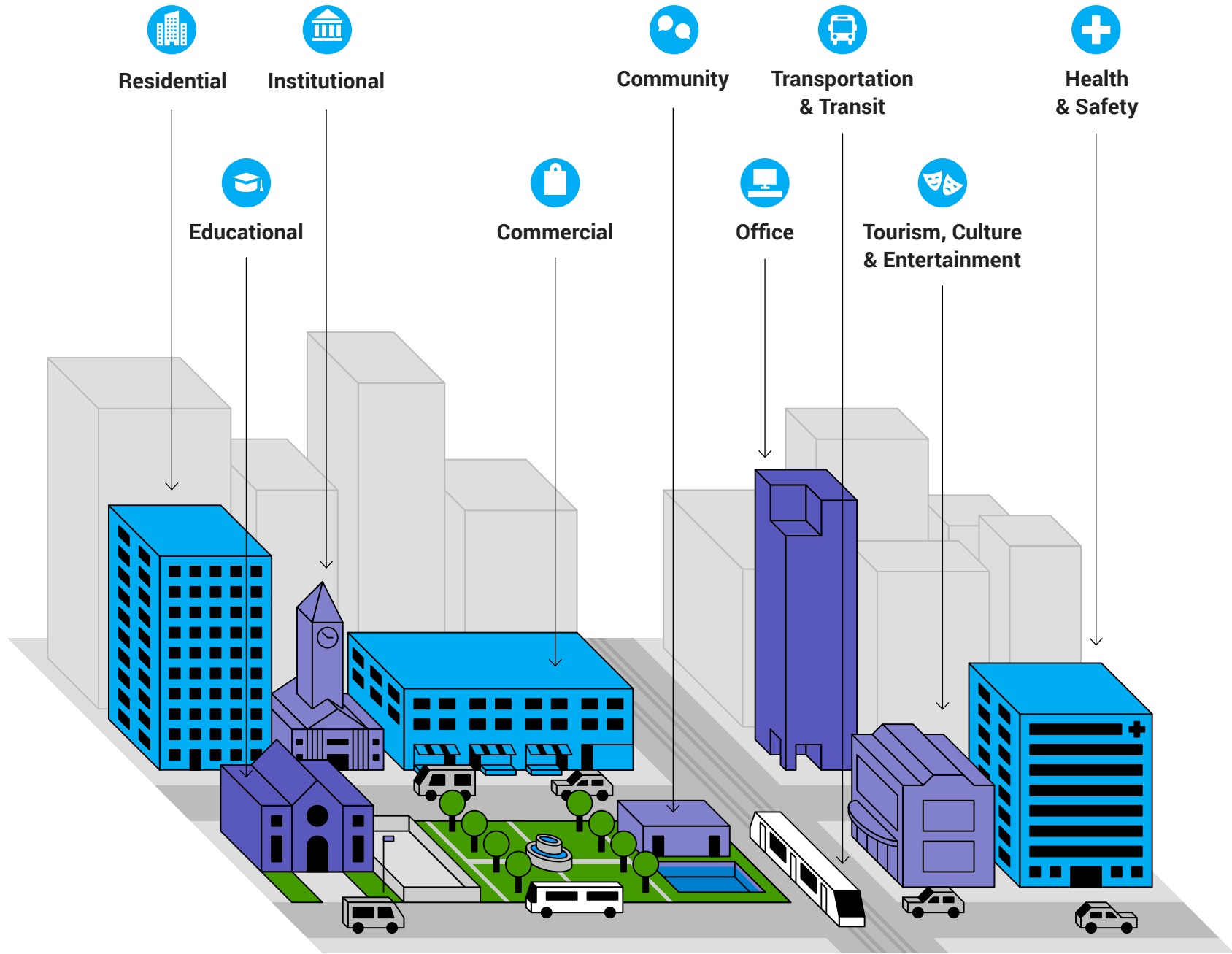
As older, central districts with higher density, mixed populations and more activity, downtowns have a high concentration of hospitals and public health facilities, policing, and emergency services, that serve not only the local population, but other parts of the city and often, the wider region.



Institutional

Downtowns are the site of city halls and central institutions of municipal government, as well as provincial and federal institutions and public agencies that typically have large workforces and office footprints, sometimes in historic and iconic buildings.

*This framework builds on a recent PwC report commissioned by the City of Montréal on behalf of the Big City Executive Partnership – a collaboration network led by the City Managers from six of Canada's largest cities: Vancouver, Calgary, Edmonton, Toronto, Ottawa, and Montréal – which CUI facilitates. PwC identified the first six functions, to which this report adds three others (community, health & safety and institutional).²



2.2 WHY DOWNTOWNS MATTER?

The value of the core is greater than the sum of its parts.

Downtowns do not exist in isolation: they are complex ecosystems that are interconnected within the larger urban and metropolitan context. The functions of a downtown reinforce and amplify each other to create economic, social, and cultural benefits.

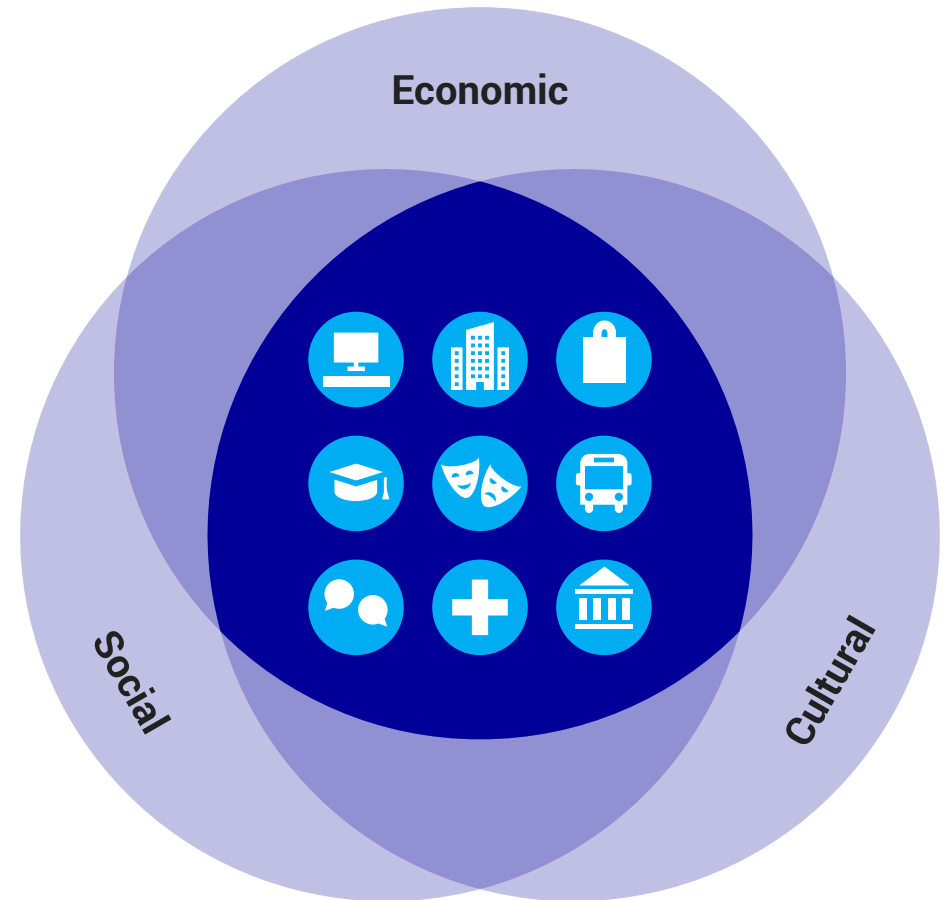


Figure 1.
Downtown as a whole is greater than the sum of its parts

Downtowns are employment and economic engines.

Just 8 CMAs together account for 55% of Canada's GDP.³ And while downtowns are a subset of the entire CMA, the outsized contribution of large metro areas is evident. Downtowns are the nuclei of this activity.

Similarly, downtowns also punch above their weight⁵: they are the source of an outsized share of jobs, businesses, and economic activity for their cities, provinces, and the country.

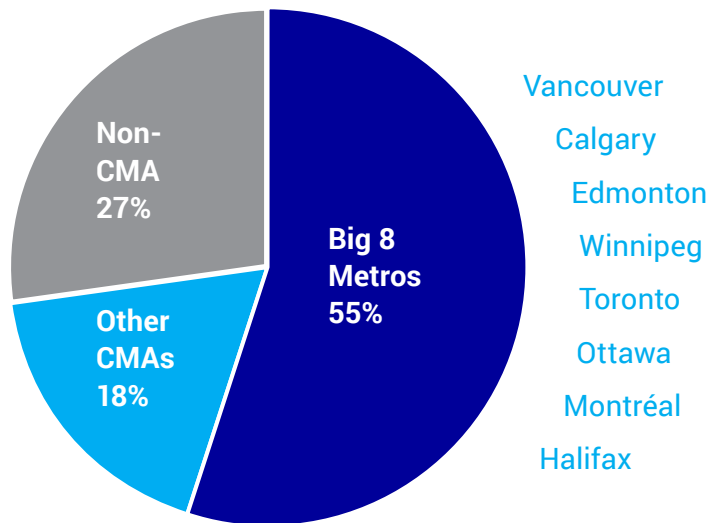


Figure 2. Contribution of 8 big metro areas to Canada's Gross Domestic Product (2017).⁴

Source: CUI calculations based on Statistics Canada Table 36-10-0468-01

Big city downtowns cover only 0.2% of the land area of their CMA (on average), but they house close to 4% of the residential population, 17% of the jobs, and 15% of the GDP.⁶

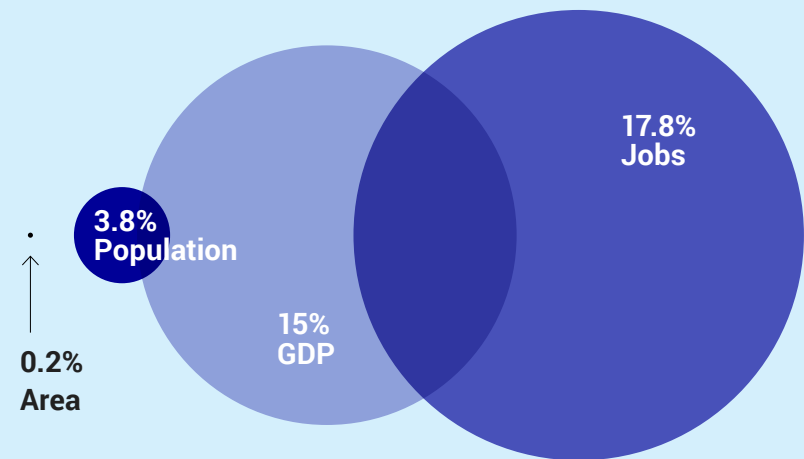


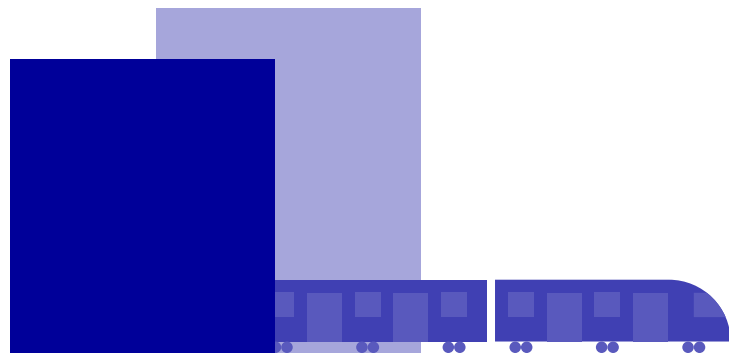
Figure 3. Big city downtowns' disproportionate contribution to population, jobs, and GDP.⁷

Source: CUI calculations based on Statistics Canada (2021), and PWC 2021. Data reflects 2016 conditions.

Downtowns are magnets for the clustering of high value industries and talent.

As in other global cities, innovation, high-skilled jobs, and venture capital flows into Canada's major urban centres. High concentrations of economic activity in sectors like professional services, finance, arts and entertainment, and public administration typically generate the largest proportion of downtown GDP.

- Montréal's core is home to offices of companies with annual revenues of over \$1 billion, as well as world-class universities, research centres and teaching hospitals.⁸



Downtowns are the location of a substantial share of urban investment.

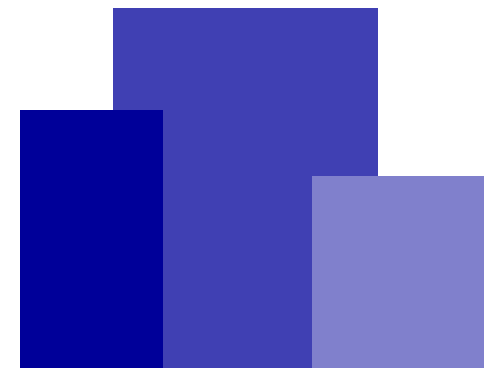
With existing infrastructure, mobility networks, density, and services to absorb new growth, real estate construction occurs disproportionately in downtowns. This contributes to municipal revenues and the prosperity of the city as a whole.

- The downtowns of just six large cities – Vancouver, Calgary, Edmonton, Toronto, Ottawa, and Montréal – are home to 50% of all office real estate square footage in the country.⁹
- Over 75% of Canada's office real estate that is currently under construction (early 2021) is in downtowns.¹⁰
- The assessed value of downtown Toronto's real estate represents 25% of all city property tax revenues.¹¹

Downtowns pulse with an energy that attracts people.

The desirability of urban living, with proximity to work, campuses, groceries, recreation, parks and beaches, entertainment, and other amenities has resulted in robust growth in downtown populations. Educational institutions attract tens or hundreds of thousands of domestic and international students, generating jobs, economic activity, and cultural cachet out of relatively small geographic areas.

- Downtown Montréal had 123,000 students across seven campuses in 2019.¹²



Downtown commercial and entertainment districts are both economic and social engines.

With a high concentration of retail and service businesses, and with flagship malls and shopping destinations, downtown commercial clusters attract large numbers of visitors, generate economic and employment impacts, and provide a venue for social interactions. Downtowns are also major entertainment and culture districts where people from all corners of a city can come together. Big city downtowns attract millions of visitors annually, for both tourism and business, generating substantial economic spinoffs.


The number of visitors to downtowns are often many times greater than the resident urban population.

- The culture, arts and entertainment sector makes up between five to ten percent of downtown jobs and GDP in large Canadian cities.¹³
- Each cruise ship call to downtown Vancouver stimulates nearly \$3 million in economic activity for the local economy.¹⁴

Downtowns are where all of our paths cross.

As the epicentre of city and regional transportation networks, downtowns offer connectivity for local residents, suburban commuters, as well as intercity and international travellers. Once-in-a-generation rail transit projects are planned or under construction in the cores of many major Canadian cities. Most urban centres are dense, making them easier to navigate on foot, by bike, and via transit than by car. Downtowns offer walkable access to work and classes, shops and restaurants, arts venues, and nightlife.

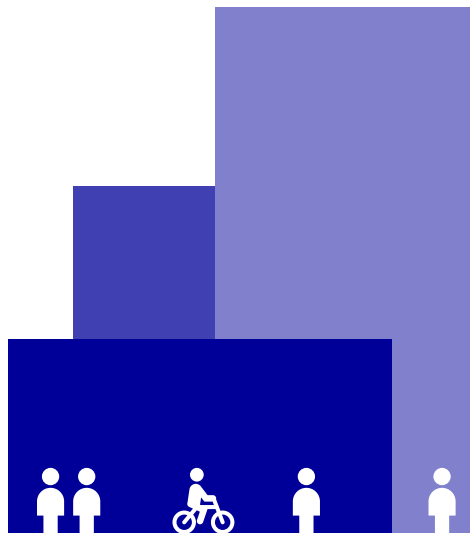
- When asked about the top reasons to live downtown, 59% of residents in downtown Edmonton said “walkability”.¹⁵
- Every day, over 300,000 people pass through Toronto’s Union Station, the central hub for a vast network of rail, air-link, bus, subway, bikeshare, and pedestrian infrastructure.¹⁶

 So many city centres have become quasi-monolithic: they mostly cater to business, commerce, trade, transnationals, and corporations. But perhaps one of the most important lessons of the pandemic has been to show us that this is not ideal. Witnessing the urban transformations during the pandemic, the hollowing out of certain areas, reminds us that city centres should not only be the economic hearts of our societies ... but also the cultural hearts, the political hearts, the geographic hearts, the symbolic cores ... multiple, hybrid, resilient and hyper alive, designed for the best of times and the worst of times too.”

–Gabriella Gomez-Mont, Experimentalis

Downtowns are civic symbols.

Downtowns are the natural sites of both celebration and protest. They are visible to residents of the wider city, and reflect civic culture and history, with concentrations of iconic buildings and architecture, civic institutions and public spaces, and arts and entertainment facilities. A downtown skyline in silhouette is often instantly recognizable to both residents and visitors alike.



And yet, downtowns also concentrate the most profound failures of our cities.

It isn't hard to find the visible signs of extreme economic prosperity and wealth juxtaposed with homelessness and the most severe deprivation. A traditional commercial and office monoculture leaves many business districts empty after 5 p.m. Rigidity in urban planning, design and built form can make downtowns inhospitable or aesthetically boring. There is often a dearth of parks and green space and elevated crime and public safety challenges. Downtowns are often the site of snarling traffic congestion that hurts the quality of life and holds cities back from reaching their potential. They are where many of urban Canada's most deep-seated failures converge, exposed by COVID-19 as fundamental vulnerabilities of Canada's big city downtowns.

There is potential in the post-COVID-19 world to rethink how transit can be a catalyst for relieving pressure and prices in very dense city centers, while also providing joy, beauty, and accessibility. We can create a mode of life that can welcome people from around the world to live in – a place that we can all be proud of."

—Alex Josephson,
Partisans

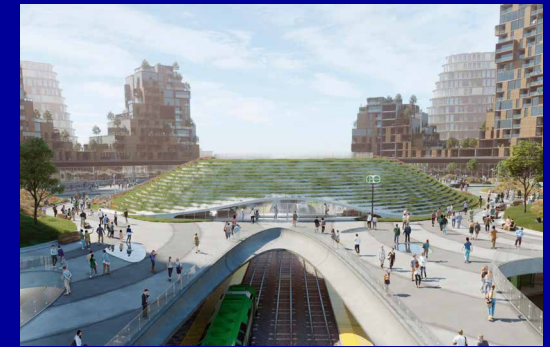
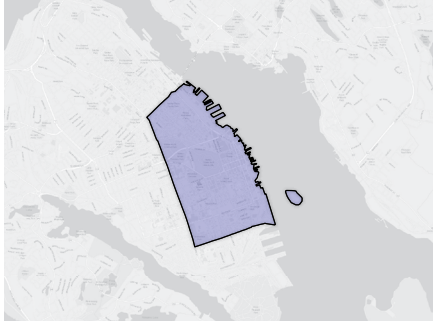


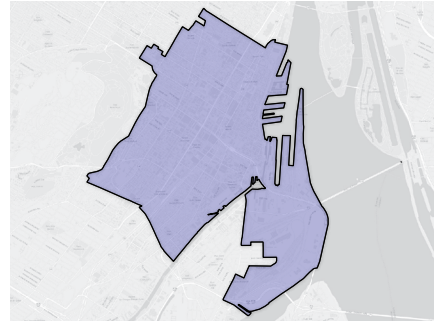
Figure 4

DOWNTOWN SNAPSHOTS



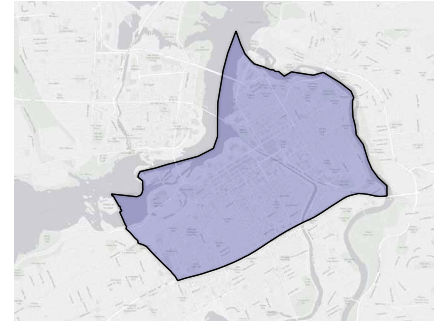
Downtown Halifax
Area: 4.1km²
Population: 20,267
Jobs: 48,295
Jobs-to-pop ratio: 2.38

Downtown Halifax as
a % of the Halifax CMA



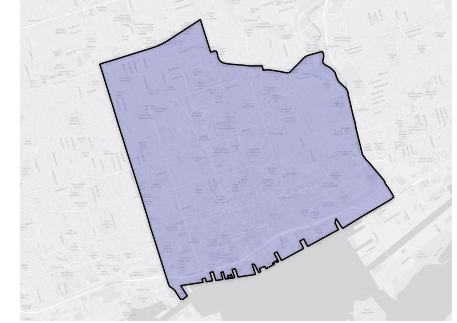
Downtown Montréal
Area: 13.2km²
Population: 88,169
Jobs: 299,245
Jobs-to-pop ratio: 3.39

Downtown Montréal as
a % of the Montréal CMA



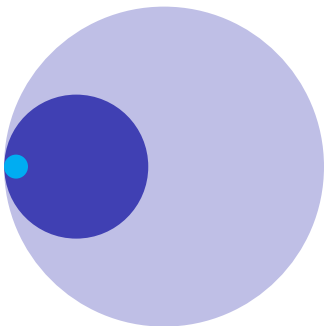
Downtown Ottawa
Area: 9.7km²
Population: 62,725
Jobs: 124,865
Jobs-to-pop ratio: 1.99

Downtown Ottawa as
a % of the Ottawa CMA

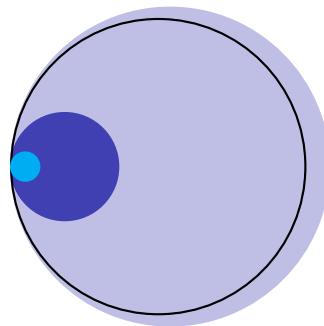


Downtown Toronto
Area: 16.6km²
Population: 237,698
Jobs: 503,575
Jobs-to-pop ratio: 2.12

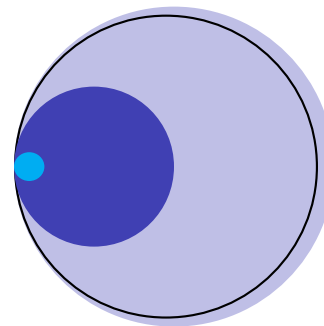
Downtown Toronto as
a % of the Toronto CMA



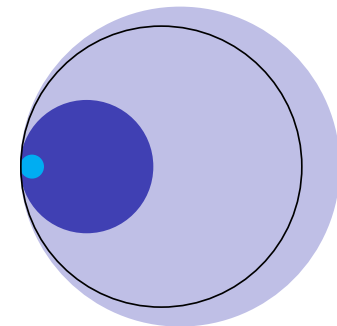
0.1% of the land area
5% of the population
25% of the jobs



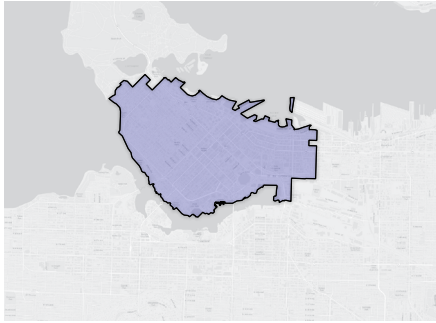
0.2% of the land area
2% of the population
16% of the jobs
14% of GDP



0.3% of the land area
6% of the population
24% of the jobs
22% of GDP



0.3% of the land area
4% of the population
18% of the jobs
14% of GDP



Downtown Vancouver

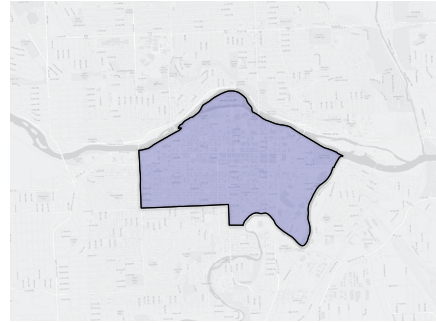
Area: 6.2km²

Population: 113,516

Jobs: 163,695

Jobs-to-pop ratio: 1.44

Downtown Vancouver as
a % of the Vancouver CMA



Downtown Calgary

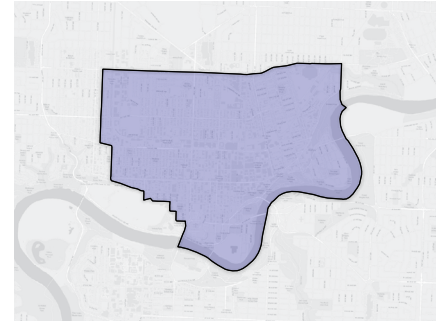
Area: 6km²

Population: 44,991

Jobs: 137,030

Jobs-to-pop ratio: 3.05

Downtown Calgary as
a % of the Calgary CMA



Downtown Edmonton

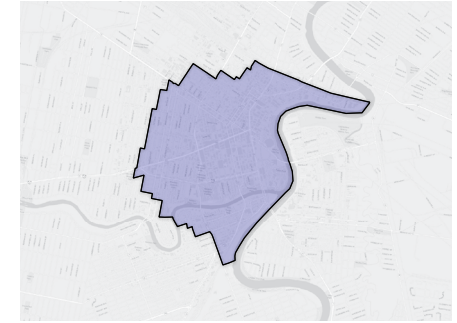
Area: 12km²

Population: 55,997

Jobs: 92,735

Jobs-to-pop ratio: 1.66

Downtown Edmonton as
a % of the Edmonton CMA



Downtown Winnipeg

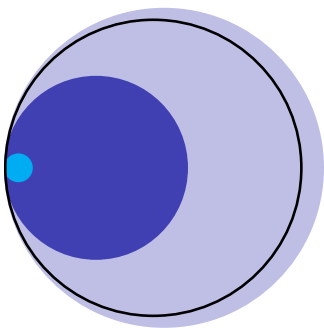
Area: 7.3km²

Population: 43,394

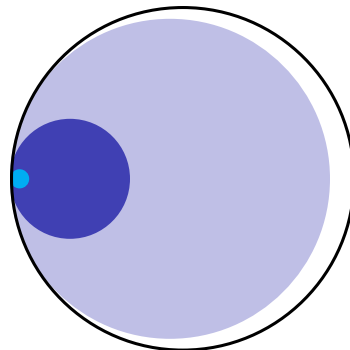
Jobs: 70,870

Jobs-to-pop ratio: 1.67

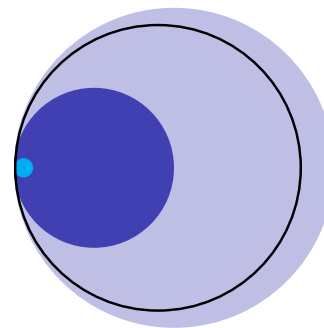
Downtown Winnipeg as
a % of the Winnipeg CMA



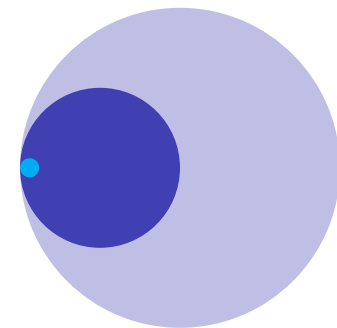
0.2% of the land area
5% of the population
15% of the jobs
13% of GDP



0.1% of the land area
3% of the population
21% of the jobs
24% of GDP



0.1% of the land area
4% of the population
16% of the jobs
13% of GDP



0.1% of the land area
5% of the population
20% of the jobs



**CALGARY
DURING COVID**

3.0

**CRISIS IN
THE CORE**

3.0 CRISIS IN THE CORE

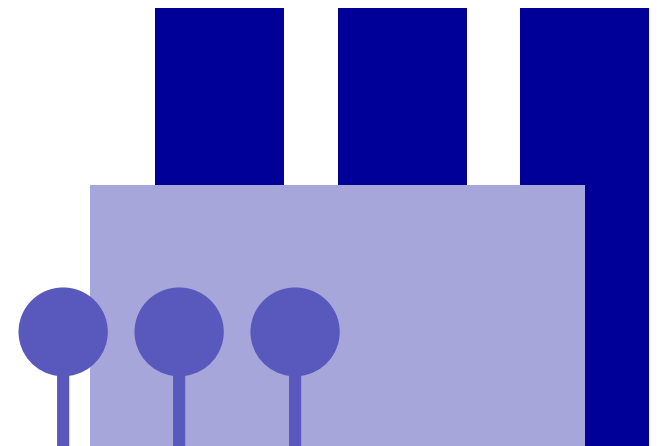
Downtowns have been hit hard by the impacts of COVID-19. In Canada's big cities, office workers have mostly left. Transit ridership has plummeted. Students have vacated downtown campuses for online learning. Residents, have stayed closer to home for shopping and social activities. The bright lights of the theatre, sporting events, festivals and other arts and entertainment have been dimmed. Retailers, restaurants, hotels, tourism operators and other businesses have faced plummeting sales.

The pandemic has also amplified and made the challenges of homelessness, mental health and addiction more visible for many of the residents that remained. The signs of crisis are plainly visible in the eerie streetscapes of formerly bustling cores across the country.

Yet, there is a lot more to this story than meets the eye.

The pandemic has caused some of these effects, but it also accelerated other trends that had been building for some time. The impacts have not occurred in isolation but are dynamic, reflecting the interconnected functions of downtowns. Some of the root causes are downtown-specific; others the result of larger urban, economic, and social factors. Finally, though there are commonalities, not all downtowns have experienced the crisis in the same way.

This section presents some of the signals of change that CUI identified through an intensive horizon scan of how Canada's downtowns have been impacted by the pandemic and identifies those that contribute to a greater understanding of what cores have been experiencing and why.



TRENDS AT A GLANCE

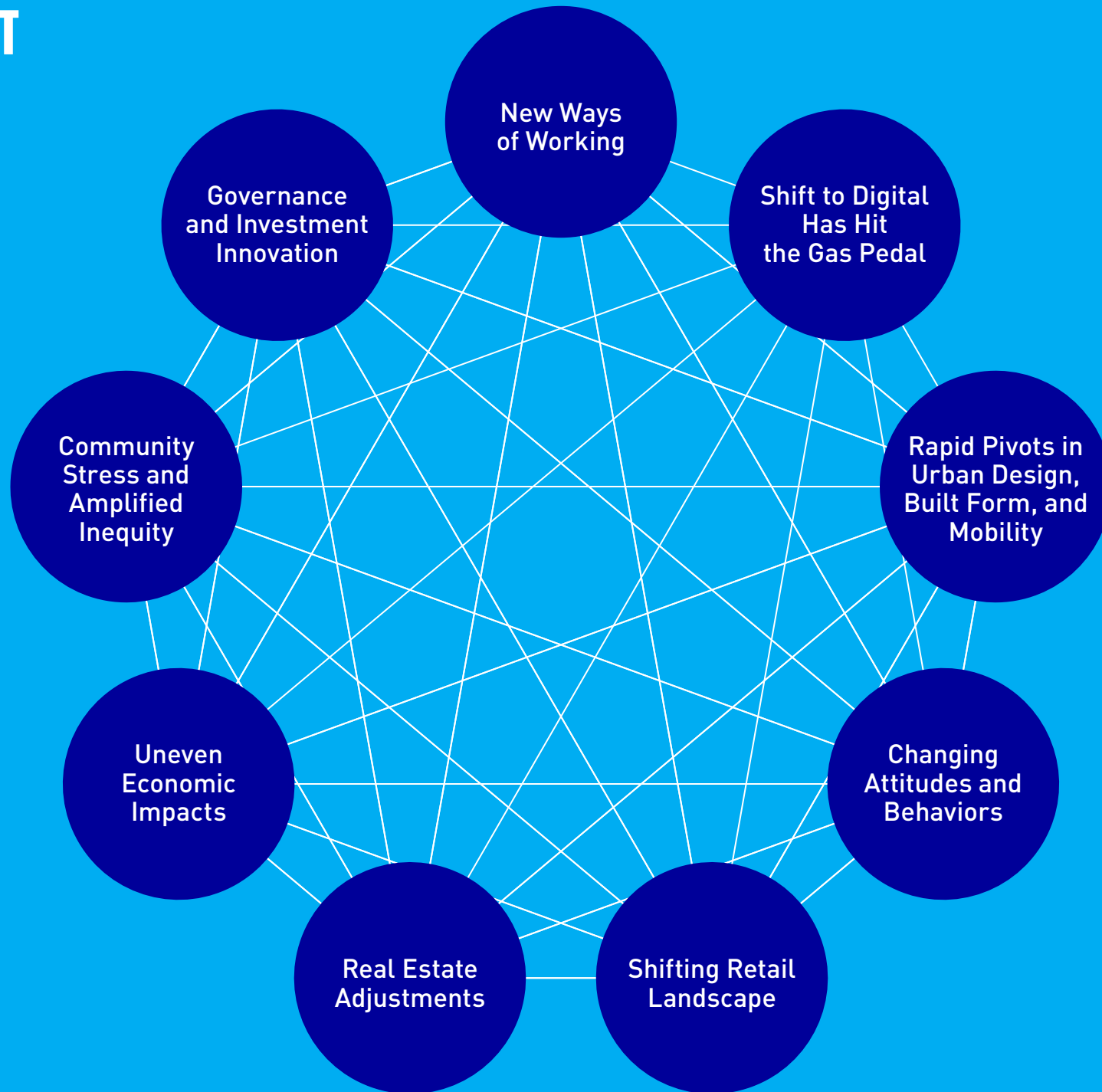


Figure 5.
Trends and impacts on downtowns

IMPACTS AND RESPONSES

POP-UP PARK OPENS IN DOWNTOWN EDMONTON

New Ways of Working

THE DEMISE OF THE DEPARTMENT STORE IN CANADA HERALDS A SHIFT IN DOWNTOWN

DOWNTOWN MONTREAL SEES AN OVER 90 PER CENT DECREASE IN PEOPLE HEADING TO WORK

Governance and Investment Innovation

MORE THAN 84 DOWNTOWN VANCOUVER BUSINESSES CLOSED THEIR DOORS FOREVER IN 2020

Shift to Digital Has Hit the Gas Pedal

YMCA CALGARY ANNOUNCES PERMANENT CLOSURE TO DOWNTOWN FACILITY

DOWNTOWN TORONTO TRAFFIC DIPS TO 63 PER CENT OF NORMAL VOLUMES AFTER NEW RESTRICTIONS IMPLEMENTED

Community Stress and Amplified Inequity

HALIFAX BUSINESSES STILL STRUGGLING AS PANDEMIC DRAGS ON

MONTREAL'S MUSEUM OF FINE ARTS HAS FREE ONLINE ART THERAPY THAT YOU CAN DO FROM YOUR COUCH

Rapid Pivots in Urban Design, Built Form, and Mobility

CARDBOARD PROJECT GAUGES DOWNTOWN EASTSIDE'S PANDEMIC IMPACT

DOWNTOWN WINNIPEG BUSINESSES FINDING WAYS TO STAY AFLOAT AS MORE PEOPLE WORK FROM HOME

Uneven Economic Impacts

A MONTH OF BLACK FRIDAY: DOWNTOWN MONTREAL STORES PLAN SALES BONANZA TO SAVE DISASTROUS YEAR

Changing Attitudes and Behaviors

SHOPIFY VACATING ELGIN STREET HQ AS COMPANY GOES 'DIGITAL BY DEFAULT'

DOWNTOWN DINING WEEK A 'CRITICAL TIME' TO SUPPORT LOCAL: ASSOCIATION

Real Estate Adjustments

Shifting Retail Landscape

'TANDEM SKYDIVING AND HELICOPTER RIDES': DOWNTOWN MONTREAL LANDLORDS PULLING OUT EXTRA STOPS TO ATTRACT TENANTS

3.1 TRENDS AND IMPACTS

New ways of working.

The pandemic has dramatically accelerated shifts in the ways we work. There has been mass migration to work-from-home or flex arrangements, displacement of retail and hospitality workers accompanied by innovations in logistics and delivery operations and new workplace policies and expectations for safety, rights and equity.

Entire companies have moved to working remotely and there are estimates that up to 70 percent of jobs could continue remotely on an ongoing basis. The new ways of working have been enabled by digital platforms and have propelled the adoption of virtual meetings and conferences. With more of our everyday lives spent inside our homes, there has been a surge in online shopping and consumption that has led to job growth in food delivery services, parcel shipping and warehouse facilities.

The digital shift hit the gas pedal.

COVID-19 has been the digital accelerant of the decade, breaking down barriers to digital adoption and transformation and positioning 'digital' at the centre of strategies for business, government and civil society.

From the implementation of organization-wide digital strategies to replacing legacy information technology systems, these digital transformations have been a necessary transition and essential for companies to remain competitive and responsive to a rise in digital customer interactions.

This transition has not been even across sectors. Some sectors such as technology, health and energy have been experiencing high levels of acceleration. Other sectors have had to entirely reimagine and redevelop their operating models, with the arts sector increasingly experimenting with digital modes of cultural production, curation, display and performance and educational institutions changing how they deliver their programs and the value they bring to students.

Rapid pivots in urban design, built form and mobility.

The pandemic has prompted cities to rapidly readjust how the built environment, in-between spaces and transportation options are designed and used in response to public health and distancing protocols, lockdowns and stay-at-home orders. Accelerating the emergent trend of placemaking, tactical urbanism has been deployed for low cost, quick fix actions.

Concern about the design and inflexibility of infrastructure, office towers and other built forms have led to calls for more modular, adaptive and temporary architecture. Physical distancing requirements have led business improvement associations, planners, architects, designers

See **The Restore the Core website: Future of Downtowns Summit** for examples of the actions that Canadian cities have been undertaking to support their downtowns.

and artists to think creatively about how to enhance outdoor space to meet the surging public use of parks and urban green spaces. At the same time, lockdowns and remote work have reduced cars on the road and contributed to a decline in greenhouse gas emissions.


Downtown transit ridership has collapsed with the onset of the pandemic and current demand is still estimated to be 64 percent below pre-COVID levels in Canada's big cities. In downtown Vancouver's retail districts, foot traffic in 2020 was almost 50 percent below the 2019 average. At the time of the release of this report, foot traffic in Canada's largest cities is still significantly below pre-COVID levels with Toronto and Ottawa reporting foot traffic down 85.8 and 89.6 per cent respectively. There has been strong demand for more mobility and active transportation options like bikeways for citizens to access recreational space following the closure of indoor fitness and sports facilities.

Real estate adjustments.

Shifting patterns of demand within the office, residential and industrial market segments have been signaled by price movements and changes in the relative attractiveness of space in different locations.

The national downtown commercial office vacancy rate climbed from 9.8 percent in late 2019 to 14.3 percent in early 2021, though rates vary substantially across major urban markets. In Calgary, the commercial office vacancy rate is nearing 30 percent or 12 million ft². In Ottawa, over 40 percent of commercial office space is leased by the Government of Canada and plans to reopen offices in 2021 are still tenuous. At the same time, there has been increased appetite for warehouse and industrial spaces due to the soaring volume of online shopping.

With the high cost of housing in Canadian urban centres, the pandemic invigorated the desire to seek out smaller, more affordable cities. Almost 40 percent of young Canadians said that they are considering a move to a less dense area as a result of the pandemic. There has been some softening in the rental apartment segment, with the most downward pressure on small units under 500 ft². Some former AirBnB units have been moved to the long-term rental market. Yet, big city housing markets are booming again, particularly in the single-detached segment, amplifying worries of an crisis that is at risk of deepening and expanding.



This is a great opportunity to think about the future – because as we redefine what work is, I think we're also redefining what home is. There is a lot to think about in terms of what can draw people in and create a home experience and a work experience that is really going to address the future needs of work and life."

—Kevin Katigbak,
Gensler

Shifting retail landscape.

At-grade retail and commercial streetscapes lined with storefronts, a key element of vibrancy in downtowns, have been severely impacted by lockdowns and the mass departure of office workers. The closure of borders to tourists and business travellers and the closures at civic institutions, universities and colleges and general pandemic health and safety concerns, have also contributed to a decrease in customers for downtown retailers. In Toronto, tourism and business travel have halted, which previously represented 28 million visits and spending totalling \$6.7 billion in 2019. Of downtown Montréal's 127,000 downtown university students, only 10 percent were on campus last fall.

The result has been the permanent closure of large numbers of downtown businesses and highly strained cashflows and margins for others. The food services industry has been particularly hard-hit, with 96 percent of food services locations experiencing a rise in expenditures to pay for personal protective equipment and enhanced COVID-19 health measures and 86 percent reporting a loss of revenue in 2020.

The acceleration of e-commerce and online purchasing has further threatened brick-and-mortar businesses, though some have been able to quickly introduce takeout and delivery services, curbside pickup and online stores, sometimes aided by initiatives like Digital Main Street.

Uneven economic impacts.

The economic disruption caused by the pandemic has been felt unevenly across different cities and sectors. The K-shaped recovery has seen sectors like technology and financial services boom or bounce back, whereas others face prolonged downturns and uncertainty. Customer-facing, downtown-centric sectors such as food services, hotels and tourism have been among the hardest hit. The aviation industry, a source of downtown visitors for business and leisure, faces massive headwinds. A cruise ship ban is in place until 2022, impacting cities like Halifax and Vancouver, which typically welcome large numbers of cruise ship tourists.

The pandemic has prompted grim recognition of the contribution of essential work, from gig-economy food delivery to personal support to grocery store staff and others on the front lines of the downtown economy. As many households have managed to save money during the pandemic and government transfers have helped the more vulnerable, consumer confidence is high as a hoped-for recovery nears.

Community stress and amplified inequity.

While the pandemic produced new models of mutual aid organizing and collective care, it increased the burden on communities and vulnerable residents.

Encampments of unhoused residents, often in downtown parks and hidden spaces, became commonplace amid a growing housing crisis and COVID-19 shelter outbreaks. The parallel pre-existing opioid crisis surged. Community services have faced increased pressures to serve those most in need. As community centres, libraries and coffee shops closed, people struggled with the dearth of public and free amenities in central cities.

Urban inequalities deepened.

Evidence has shown that economic marginalization and systemic discrimination increased the risk of infection of COVID-19 and that Indigenous, Black and Filipino communities experienced the greatest impacts on household finances. The term ‘she-cession’ emerged to reflect the disproportionate burden borne by women, with many leaving the workforce or downshifting careers.

CUI’s COVID Signpost research series, reporting on survey data drawn from over 180,000 Canadians through the pandemic, reinforced that our experiences with COVID have depended largely on who we are and where we live. The impact and devastation on different population groups has been uneven, often affecting already marginalized communities and thus intensifying existing inequalities. Across the research domains examined including housing, work, mobility, household finances, COVID has disproportionately affected women, older people, Indigenous peoples and Black communities and other racialized groups.

Much of this inequity was concentrated in downtowns.

Voices from equity-seeking communities also received growing public attention. Rallies and marches have been held in downtowns across Canada to protest Canada’s legacy of systemic racism. There have been calls to develop more accessible public spaces in central cities that are welcoming to economically marginalized populations. The growing digital divide, with many lacking access to technology and connectivity, have led to proposals for the recognition of internet access as a human right.

Changing attitudes and behaviours.

City residents and downtown occupants have experienced pandemic-related changes to attitudes, behaviours, norms and mental health impacts. Calls to Kids Help Phone have surged. Evidence of a mental health crisis is reported regionally and across Canada. A study of the traumatic stress of isolation reveals how it can impact our ability to socialize. After an entire year of staring into screens, people reported ‘skin hunger’ and ‘Zoom fatigue’. When Canadians were asked what they yearn for the most, physical contact with others topped the list.

The effects have been most acute for some groups. Frontline healthcare workers have been diagnosed as suffering moral trauma or Post-Traumatic Stress Disorder. Essential workers report feeling burnout and anxiety from serving angry customers. While some have experienced immense loss like the death of a family member, others feel guilty for grieving “small” losses like a missed vacation or a cancelled prom. New mental health strategies and supports have been introduced and individuals have been turning to mental health apps and finding creative ways to connect with communities of interest. Ties have been made between mental health and arts and culture. More broadly, these changes will affect if, when and how people choose to return to downtowns.

Innovation in governance and investment.

From managing both a public health and economic crisis, to developing recovery strategies and a roadmap for the future, the urgent response from governments has demanded intergovernmental coordination, policy innovation and investment at high speed.

With cities facing alarming fiscal shortfalls that could threaten basic service delivery, the federal and provincial governments negotiated a \$19 billion COVID-19 relief package in summer 2020 that included support to municipalities and transit service providers. Businesses and main streets have been assisted with unprecedented policy changes and large-scale programs, including commercial rent relief, wage subsidies, emergency financing and a wide array of other programs initiated by federal, provincial and city governments.

Among the bold steps that city governments have taken that would have been difficult to contemplate pre-pandemic are rapid sidewalk and patio expansions, repurposing of roads, major realignments of services, widespread property tax deferrals and other financial support measures. For downtowns, governments and business improvement associations took actions including comprehensive strategies, immersive cultural exhibits and de-escalation training aimed at safety and inclusiveness. At the same time, faced with severe funding shortfalls and limited fiscal powers and fiscal tools, Canadian cities have reported constraints that hindered innovation in governance and investment.





**TORONTO,
DURING COVID**

4.0

**SCENARIOS FOR
THE FUTURE
OF DOWNTOWNS**




4.0 SCENARIOS FOR THE FUTURE OF DOWNTOWNS

The signals and trends we are seeing reveal rapid and profound changes that will affect not only our downtowns, but more generally our cities, provinces and country. Although no one has a crystal ball, there will be lasting impacts from COVID-19. How can we anticipate which changes will 'stick'? What steps must we take to realize the best outcomes, to not just settle for the simple status-quo, but aim higher?

Understandably, most city-builders have been preoccupied by short-term concerns. Large organizations, including many municipalities, moved quickly to create business continuity plans to deal with the crisis, followed by analyses of what it all means for the 'here and now'. But we can't afford to lose focus on the longer-term big picture:

Immediate and effective response is, of course, vital ... but on many [key] work streams, the longer-term dimensions are even more critical ... It may sound impossible for management teams that are already working 18-hour days, but too few are dedicating the needed time and effort to responses focused on the longer-term.¹⁷

The choices we make in the near-term will set the stage for the trajectory of our downtowns. Some aspects of the cores may be worth restoring, but other components, that were not working well for many before the pandemic, may need drastic reimagining.



Whether or not cities bounce back from the pandemic will be determined by the choices they make to reimagine their downtown hubs. Post-pandemic, we have the opportunity to reposition and diversify our downtowns. We need to reimagine and plan for a more diverse mixed-use downtown with more weight on the outdoor environment."

—Johanna Hurme,
5468796 Architecture

4.1 FORESIGHT METHODS IN CONTEXTS OF UNCERTAINTY

In environments of great uncertainty, strategic foresight is a valuable tool to consider what lies ahead.

There are many plausible scenarios for how Canadian downtowns might function coming out of the pandemic, depending on how the current trends (section 3) play out. The future of downtowns is also shaped by the deliberate choices we make – collectively and individually. A city and its urban region together form a system, which in turn is affected by many, many factors. As we emerge from the pandemic, there are many levers that can be pulled to encourage our urban systems to remake themselves. The foresight process informs the re-making process and the choices before us.

What follows are three scenarios for Canada's downtowns in the medium-term, about 5-10 years from now. The scenarios are loosely based on Dator's archetypes of collapse, continuation and transformation.

For each scenario, many possible implications are grouped according to the nine functions of downtowns. The details of how a specific scenario might play out vary based on the implications for a particular city's downtown. And hybrid scenarios are likely to emerge, reflecting the unique attributes of each place.

These scenarios are designed to be provocative, not predictive. We suggest you immerse yourself in each and contrast their imaginary worlds with what you want to see actually happen in your downtown. For suggestions on how the scenarios could be applied in your city, see the [Restore The Core](#) website.

What is Strategic Foresight?

Strategic foresight is a structured and systematic methodology that positions ideas about the future to anticipate and better prepare for inevitable coming change. It enables a structured exploration of different plausible futures that could arise, surfacing the opportunities and challenges each could offer. The process then invites us to use these ideals to make better decisions that align with our values and desired outcomes.

Strategic foresight helps decision-makers with:

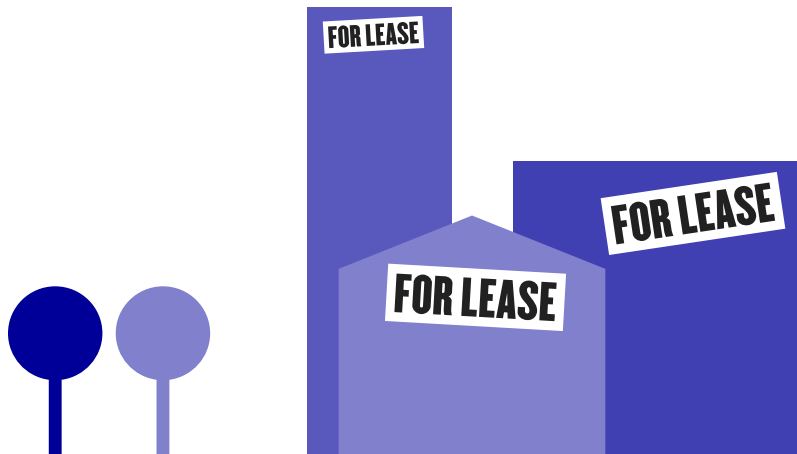
- **Anticipation:** Understanding of what might be coming next
- **Inspiration:** Menus of options based on decisions tested elsewhere (innovation and experimentation)
- **Resilience:** Stress-testing of existing or proposed decisions to ensure they can work long-term.

Source: Adapted from OECD XVII¹⁸

4.2 SCENARIO 1: WHEN THE LIGHTS GO OUT

Key Attributes:

Remote work, economic austerity, declining city revenues and services, and public health anxieties have spurred fundamental shifts away from the core. A cautionary tale with roots already taking hold in many Canadian downtowns prior to the pandemic.



What if ... ?

The pandemic unleashed forces that reverse the centrifugal urbanization of recent decades, leaving downtowns desolate and in decline. Accelerated digitization led to ubiquitous remote work tools and business processes, with a more permanent shift away from commercial offices to work-from-home for knowledge workers. These changes increased unemployment, as automation and easy access to global talent pools reduced the number of jobs available to locals.

With the ability to work remotely, the more affluent decamped permanently to suburban and rural communities. With the decline in downtown foot traffic and e-commerce surging, the retail, restaurant, tourism, and arts and culture sectors scaled back their downtown presence and many left altogether, unable to recruit and retain staff for unpredictable tourist and local business. While these trends spurred economic diversification to other parts of city-regions and greater flexibility for workers, the withdrawal and disinvestment from downtowns has harmed local, provincial and national prosperity, and severely diminished municipal tax bases, resulting in cuts to municipal services.

With the evaporation of main street retail, storefronts at grade, as well as under and above-ground 'paths' previously popular during inclement weather, were abandoned.

As downtown economies decayed so did the housing stock. Developers and private financiers saw no reason to invest in new residential downtown developments and preferred to take their business to growing peripheral and suburban neighbourhoods. Even private equity lost interest in downtowns, as REITs turned their focus to suburban and even rural opportunities. Encampments of unhoused residents became permanent fixtures in downtown parks, chronic public health challenges like the opioid epidemic worsened and community agencies serving vulnerable residents are

stretched to their breaking point by the decline in municipal resources. Perceptions of declining community safety deepen, exacerbating falling trust in public health as COVID-19 variants lingered and a chronic sense of hopelessness and urban fatigue set in, reinforcing a fear of and ultimate rejection of density and a strengthening of individualist attitudes and an abandonment of the public realm.

Some green shoots did emerge from the crisis. A kind of wild cultural flourishing took place amid the economic stagnation, as collapsing rental costs made commercial spaces more accessible and affordable to other users, including artists and other creative industries. Light manufacturing, and artisanal production facilities were able to return to downtowns, to make use of open floorplates. Transit was no longer required to emphasize downtown commuters, freeing up scarce resources to develop micro-options to serve other outlying areas. Auto congestion declined, as did the carbon impacts of downtown cores.

This transition was very arduous for municipal governments. Social service and policing costs increased their burden and there was no coordinated federal-provincial agenda for urban recovery to address the structural fixes needed to solve the worsening fiscal crises in cities. Investment in core infrastructure and services was badly stretched, making cities no longer able to meet the needs of newcomers, youth and vulnerable populations.

City administrations, business stakeholders, and residents, were increasingly unwilling to confront the spiraling decline, and were unwilling and ill-equipped to make hard choices and rethink policies, land uses, and investment models. Downtown was left a shadow of its former self.

**COULD
THIS SCENARIO
HAPPEN?
THERE ARE
ALREADY
SIGNS OF *THIS*
FUTURE
VISIBLE IN
THE PRESENT.**

Scenario 1

WHEN THE LIGHTS GO OUT WHAT IT COULD MEAN FOR ...

RESIDENTIAL



- As downtowns became less attractive and diminished live-work benefit for residents, there was an exodus to neighbourhoods outside the core and to suburban and rural communities further afield.
- As residential property values in the core sagged, commercial buildings and hotels were bought up.

OFFICE



- Employers of all sizes reduced their downtown footprints, resulting in increased vacancies and falling office realty prices.
- Employers with hybrid office-WFH models established satellite offices in the inner suburbs to reduce both cost and commute times for suburbanites who permanently left the inner city.

COMMERCIAL

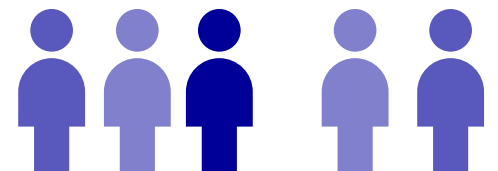


- Many retailers and restaurants downsized or failed. Others survived by converting to online stores or ghost kitchen models.
- Downtown malls and commercial districts had elevated vacancies and reduced attractiveness as destinations for locals and visitors.
- Some downtown buildings were converted to permanent warehouses and logistics centres to support the boom in online retail.

TRANSPORTATION & TRANSIT



- With diminished job density and growing demand for at-home delivery, cars and commercial vehicles became the dominant modes of transportation.
- Transit services, restructured for diminished ridership, required large public subsidies to function, but offered fewer high-volume routes used by many essential workers and lower-income residents.
- Commuters who could not work remotely were trapped in increasingly ultra-long-distance trips, or have to use new on-demand services.
- Essential workers travelled further for employment exacerbated by poor transit options.



INSTITUTIONAL



- Governments took a hands-off, reactive approach to the post-pandemic fallout in city centres. There was some recovery stimulus funding, but it was not targeted, coordinated, or sufficient.
- City governments had little capacity for public investment. Similarly, there was no flexibility in urban design and planning rules, inhibiting the private sector from repurposing real estate and capital in innovative ways to better meet the new reality.
- As residents and businesses departed and cores decayed, public trust and civil society engagement in local governance diminished.
- A zero-sum game mindset became intractable, pitting investment in downtowns against allocating resources to other areas of the city, rather than recognizing that investments in downtown drive prosperity and well-being of the city as a whole.

HEALTH & SAFETY



- The fear of proximity from persistent flare-ups of COVID-19 variants, combined with the perception that downtown is increasingly unsafe, kept many families and visitors away from the core.
- 'Echo pandemics' in mental health and loneliness increased, contributing to the worsening social fabric and contributing to significant workforce challenges.

COMMUNITY



- A surge in demand for social services overwhelmed many non-profit agencies. Due to lingering public health restrictions, many social service providers only operated online, leaving those without internet access struggling for service.
- Mutual aid and grassroots organizing proliferated and did their best to fill in the gaps of care left by more traditional systems (e.g., community fridges, informal online support groups, crowdfunding, and volunteer led hotlines), but it is unclear how sustainable this model will be in the long run.
- The decline in downtown investment results in fewer employment opportunities for living wage jobs as populations move to the periphery.

TOURISM, CULTURAL & ENTERTAINMENT



- International tourism to the core dropped, especially with the decline of business events. Local tourism experiences were sought by those who could afford it.
- Some restaurants were able to stay afloat as takeout and delivery-only virtual restaurants, but bars and nightlife culture all but disappeared.
- Funding for arts and culture was relegated to big name institutions, with the grant money that emerging artists and community attractions traditionally relied on completely drying up.

EDUCATIONAL



- As the quality of virtual or hybrid education improved, the attraction of downtowns diminished, and centrally located university and college campuses gradually sold off unneeded classroom and campus space.

4.3 SCENARIO 2: NOTHING'S GOING TO CHANGE MY WORLD

Key Attributes:

Mobilization and investment sparked the recovery of downtowns to return to the status quo pre-COVID-19.


Driven by powerful pre-existing forces, the pre-COVID-19 trajectory of wealth concentration, worsening inequity, diminishing inclusivity and unaffordability persist and worsen.

What if ... ?

With the success of vaccines in taming the pandemic, cities and economies bounced back. Pent up psychological energy, consumer demand and high disposable incomes led to an economic boom; a return of the 'roaring '20s'. Those who have it, flaunt it, in a live-for-the-moment atmosphere. While the 'build back better' mantra was a common refrain during the pandemic, very quickly policy makers reverted to measures to bolster financial markets and, like the economic crisis of 2008, they prioritized the needs of the corporate sector such as financial institutions and airlines.

Many, especially those who had benefitted from the pre-COVID-19 economy, were nostalgic for what was and pushed hard for the return to a pre-pandemic "normal". Although there was a broad recognition that downtowns needed better social service support for those unable to 'compete' in the global economy, there was no willingness to consider significant policy or investment changes like increased income supports, or providing more affordable housing options, or new kinds of investment to improve the public realm to benefit a broader swath of urban residents coming to downtown. Inequities became more entrenched and the pursuit of a 'progressive urbanism' became understood as an aspiration in name only.

Employers and the commercial real estate sector used a mix of carrots and sticks to bring workers back into central offices: offering bonuses for spending time in the office and suggesting performance evaluation would be more difficult to assess for workers opting for remote work too frequently. Office buildings began to resemble private clubs, lavishly fitted out with amenities like bespoke food available 24/7, spa services and personal training, justified as ways to attract and retain a globally mobile, 'talent driven' workforce. Mandated public health protocols for all buildings and facilities made downtowns increasingly expensive. Vacancy rates in commercial and retail remained



Offices these days are promising to be temples of indulgence as much as places of work. One Vanderbilt, a new skyscraper in Manhattan, has unveiled a restaurant run by Daniel Boulud, a Michelin-starred chef. Amazon's second headquarters in Arlington, Virginia, will include an amphitheatre for outdoor concerts. In London, 22 Bishopsgate is so dog-friendly that its receptionists issue passes to pets. The recently opened glass tower, which dominates the City of London's skyline, also houses a climbing wall and a spa ..."

—The Economist,
June 3, 2021

marginally higher than they were pre-pandemic, but generally commercial buildings continued to attract speculative investment. Neither the market nor governments created the conditions to incentivize buildings to be repurposed.

The “return” saved city governments from fiscal catastrophe, but municipal finances continued to be inadequate for the investment needed to shore up existing civic infrastructure, let alone to anticipate increasing strains on municipal services. Any appetite for inclusionary zoning and more flexible land uses for innovative housing models was squelched by voices calling for fiscal responsibility and economic stability.

Constrained consumer spending through COVID-19 created enormous pent up demand that dramatically inflated the economy, creating a sustained frenzy for properties and land near the core. Available properties were bought up by institutional investors and the one percent, reinforcing all the factors pre-COVID-19 that were making downtowns increasingly dull and inert, with too few kinds of uses available only to a small number.

As populations and foot traffic in the core increased again, spending on entertainment, restaurants and augmented reality art shows saw double-digit growth as people wanted to fill their lives with all the sensorial experiences they missed. Cities around the world competed to host the latest hybrid convention, with in-person events allowed in limited numbers alongside virtual participants. Dubbed Pivot Programming, cities marketed their tourism and business convention business in flexible venues and on nimble platforms, boasting the latest technology to keep participants safe and having ‘the best user-experience’.

Downtown university campuses across Canada came back to life, but many international students opted to migrate to private education on-line offerings, citing the cost of living in our downtowns. Local tourism was a major early recovery driver for downtowns, with international visitors following as vaccines were widely distributed and borders reopened. But the rising costs for accommodations and entertainment made Canadian downtowns increasingly inaccessible financially, only to more elite travelers.

Those who struggled before and throughout the pandemic continued to do so, with a further widening of the gap between the haves and have nots. Whole demographics of people – racialized communities, newcomers, low-wage workers, the unhoused who suffered disproportionately through COVID-19 continued to be excluded in these downtowns. As investors and policy makers became more determined to restore what was, those who were pushed out and their advocates became more organized in their calls for social justice reform, reconciliation and inclusion.

Politics was fraught with distrust, disillusionment and increasingly hostile protest as the public saw the interests of wealthier residents and large businesses continuing to dominate the public agenda. Downtowns were indeed back, but many questioned if they were better than before the pandemic.

**COULD
THIS SCENARIO
HAPPEN?
THERE ARE
ALREADY
SIGNS OF *THIS*
FUTURE
VISIBLE IN
THE PRESENT.**

Scenario 2

NOTHING'S GOING TO CHANGE MY WORLD WHAT IT COULD MEAN FOR ...

RESIDENTIAL



- Residential housing unaffordability reached an all-time high.
- People who did not have real estate holdings in their family before the pandemic were never able to enter the ownership market.
- Homelessness spilled into the outer-suburbs and city region, fuelling NIMBY-ism.

OFFICE



- Businesses and governments, determined to entice people back to the office, used a range of carrots and sticks. Shared tennis courts, swimming pools, lounges, sleeping pods, and 'at-your-desk bonuses' became the norm in skyscrapers.
- Downtown office towers largely returned to pre-COVID-19 occupancies, with a grudging acceptance of flex and remote work models.

TRANSPORTATION & TRANSIT



- There were major investments in public transit, automobility innovation and private micro-mobility options in an effort to make it easy for people to work, live or spend time in their local neighbourhoods and come to the core, as required.
- As consumption and e-commerce surged, drones begin to zip across the sky at all hours, dropping parcels or food deliveries on doorsteps and condo balconies.

COMMERCIAL



- The retail sector returned with downtown office workers but was smaller (e.g. The Path and +15s did not return) and faced continual erosion from e-commerce and shifting consumer preferences.
- Long-term leases felt like a risk for newer entrants who opted to partake in pop-up spaces to get their footing. More downtown commercial and retail spaces were occupied by logistics hubs.
- Many small businesses, struggling to get their footing and pay down debt incurred during COVID-19, closed entirely or were bought out by bigger competitors, private equity and chains.



TOURISM, CULTURAL & ENTERTAINMENT



- As people shopped and pursued travel experiences with a vengeance, arts and culture reopened with an initial surge but continued to operate under a precarious financial model.
- Creatives left for more affordable suburbs and towns.
- International tourism boomed but was accessible to a narrower income group.

EDUCATIONAL



- Downtown campuses sprung back to life but growing student demand for career-oriented programs and hybrid learning options continued, especially for international students.
- There was a proliferation of non-traditional learning institutions (e.g., bootcamps, nature schools) which attracted students interested in pandemic proof careers and shorter-term commitments allowing flexibility.

COMMUNITY



- Downtown commercial spaces became increasingly insular, with diminished opportunities for social mixing, as workers arrived to their offices and rarely left until the end of their workday when they returned directly to their residences.
- Equity-seeking community members pushed back, organizing online and on the streets. They gathered for sit-ins in formerly publicly accessible spaces, newly adapted to other commercial uses.
- The needs of essential workers did not improve resulting in individuals being forced to live further from jobs, health and safety issues prevail in workplaces and a lack of living wage jobs puts more households in precarious economic situations.

INSTITUTIONAL

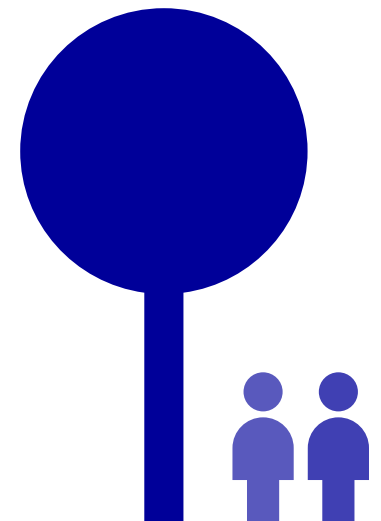


- Governments continued to invest in recovery stimulus, with record deficits leading to inflation fears.
- Regulation of land use remained inflexible and urban innovation was very limited and prescribed, encouraging the status quo.

HEALTH & SAFETY




- A mix of widespread vaccine acceptance and stringent public health measures tamed the virus.
- Downtown commercial real estate owners and businesses applied stringent public health measures, ranging from safe elevator use policies to mandatory contact tracing for events larger than 200 people.
- Policing and emergency services presence increased in downtowns in response to growing anxiety, unrest and protests.



4.4 SCENARIO 3: TALKIN' BOUT A REVOLUTION

Key Attributes

Driven by the prioritization of human and ecological health in response to local and international challenges and commitments, a resetting of values spurred intentional investments, policies, and actions to drive a collective effort to reshape cores with a focus on livability, equity, vibrancy, and resilience.

 **If you think of an office building with a relatively small floor plate – doesn't have enough elevators or it doesn't have high enough ceiling heights – once you strip all of that away, you've got the bones of a really great residential building."**

—Steven Paynter,
Gensler

What if ... ?

The waning of COVID-19 catalyzed a new, more purposeful course for cities and their cores. Taking the best lessons from previous pandemics and health crises during the last three centuries, investment and policy leadership encouraged our downtowns to reflect a new urbanism that prioritized human and ecological health and reduced the social inequities made so glaringly apparent during the pandemic.

Governments, public institutions and the private sector collaborated to prioritize the building of social-purpose infrastructure in downtowns including housing and civic spaces to meet the needs of a diverse population. New social equity-based models of finance, insurance and real estate emerged, supported by major investments and incentives from the Government of Canada to direct capital into community wealth-building vehicles. For Canada's downtowns this meant creating more complete neighbourhoods, that included more housing choices across incomes and opportunities for small businesses, non-profits and the cultural and hospitality sectors to flourish alongside global companies and the finance and tech sectors.

The acceleration of digitization during the pandemic enabled new forms of commerce, urban government and engagement. Canadian downtowns emerged as leaders in a radically regenerative and inclusive urbanism, generating new forms of economic and social innovation to not only drive Canada's recovery from COVID-19, but to position our cities as international examples in advancing corporate Environmental, Social and Governance practices and concurrently realizing the UN's Sustainable Development Goals.

To retain workers and boost productivity, there was no putting the work-from-home genie back in the bottle, so employers and the commercial real estate sector worked together to manage the transition with other downtown stakeholders. Companies found ways to accommodate a variety of new hybrid working arrangements. As the demand for permanent office space diminished from large employers, new forms of co-working and sharing space emerged across businesses, catalyzing a wave of collaboration and discovery. Downtowns were still central to serendipitous encounters between people, ideas and businesses, but floor plates, lobbies and parking garages were repurposed and made more porous and adaptive. Lower-cost real estate and the mixing of large enterprises with startup businesses led to the creation of new innovation districts, resulting in idea-sharing, deep thought and a new energy within downtowns.

Across the board, space was used more flexibly and seamlessly. Logistics management shifted to digital platforms. Short-term leases, pop-up opportunities and shared spaces were used by restaurants, service providers and retailers, who continually adapted their business models to changing conditions.

Crucial to the public acceptance of this adaptability was the use of data trusts so digital information about individuals was pooled and shared with companies on users' terms. Democratizing access to user data boosted small business' capacity to compete in global markets. The use of data trusts also transformed urban dwellers' interactions with public sector decision-making processes, enabling their role in co-designing neighbourhoods – including downtowns to meet their needs. Municipally-owned technological platforms, resident trusts and tech-savvy, problem-solving businesses enabled more flexible and experimental forms of urban design and management and engaged local workforces directly.



I think that one of the deep trends of the future is that buildings will be planned as hybrid buildings, and more as platforms than as shapes to house particular uses.”

–Michel Lauzon,
LAAB Collective

COULD THIS SCENARIO HAPPEN? THERE ARE ALREADY SIGNS OF THIS FUTURE VISIBLE IN THE PRESENT.

Paris is integrating adequate levels of affordable housing into 15-minute city plans and mobilizing participatory planning mechanisms to ensure that people's needs are met by the 15-minute city. 10% of city spending is currently determined by participatory budgeting practices and there are plans to get 30% of housing stock into the public domain by 2030.

Decisions about urban development actively involved resident input, which resulted in explicit commitments for greater density, sustainability and equity. Building forms were no longer driven solely by market forces but were co-developed by local people in new ways.

In one instance, all three orders of government collaborated in one central business district to contribute their publicly owned lands to create the Central Urban Land Trust, which in turn created an Innovation District to incubate artists, new businesses and social enterprises. The Trust unleashed a wave of creativity that drew activity and people back to their downtown cores in unprecedented numbers.

Governments at all levels modernized taxation policies. A telecommunications tax was applied to cross-discipline 5G-based services and an e-commerce delivery tax was levied to cover transportation costs and packaging waste. A rethinking of taxation was extended to small businesses via differentiated property tax rates among residential, large and small businesses.

Transportation and transit planning and funding was radically decentralized, with federal transfers empowering local solutions and regional coordination. Governments at all levels adopted place-led policy development approaches, including harm-reduction policies, income support reforms and net zero building codes, to catalyze transformation and more efficient program and policy delivery.

Although a time of tremendous change and transition that left many sectors uneasy, especially the corporate community – life, work and play in the core became more dynamic, creative, equitable and arguably, more sustainable and better equipped for the future. The economic highs and lows of the carbon-heavy lifestyles of the 'roaring 2010s' were soundly rejected as a thing of the past and an anything-but-normal future was embraced: yet another revolution in the life of Canadian cities.

Scenario 3

TALKIN' BOUT A REVOLUTION WHAT IT COULD MEAN FOR ...

OFFICE



- Workplaces gave discounts on e-bikes, and employers' health and wellness benefits are meaningful and customizable experiences.
- Some businesses moved to hot desking and suburban satellite offices, while others added more flexible elements to their spaces.
- Tax incentives were provided to buildings that transform their ground floors for public spaces, with a growing network of connected art installations and indoor green space, keeping the vibrancy of summer alive all year round.

EDUCATIONAL



- Free neighbourhood mesh WIFI provided by municipalities ensured that everyone has access to the digital world.
- Post-secondary institutions developed new collaborations for campus uses with artists, non-profits and new business start ups.
- New forms of mixed housing and variable tenancies were developed to serve the student and local populations.

RESIDENTIAL



- Adaptive reuse and the introduction of the mini-midrise replaced commercial buildings to provide a more diverse housing mix to the core.
- Strong neighbourhood groups, city planning, and developers came together around 'smart density' projects. Data showed they contributed to a wide variety of social and urban determinants of health, downtowns became more desirable pilot sites as they evolved into more complete neighbourhoods.
- Workforce housing and community land trusts flourished after the donation of unused government lands for affordable housing.

TRANSPORTATION & TRANSIT



- With big investments in transportation infrastructure, high speed rail was integral to spurring local tourism and true multi-city business collaboration.
- Through innovative planning and tolls being placed on drivers that enter cores, entire streets were designated for pedestrians, bikes and e-scooters, encouraging people to engage in all aspects of downtowns, showing them as places, not just thoroughfares.
- Greater investment in public transit provided new access to employment and educational opportunities for vulnerable populations.

COMMERCIAL



- With a strong focus on the local, small businesses thrived by generating strong online presences and incentivizing in-store pickup that drives people to their storefronts in person.
- Cores were peppered with more diverse community spaces such as repair cafes and tool libraries, empowering residents to reduce their waste, learn new skills and save money. Some businesses only stock products that score well on the federally mandated Repairability and Reuse Index.
- Opportunities for repurposing underground parking spaces were explored, such as integrating with logistical hubs, or performance spaces, or alternate living spaces, achieving better efficiency in cost and use of high value downtown space.

HEALTH & SAFETY



- Health care services were more evenly distributed, with an emphasis on wellness care and harm reduction.
- With health data became more decentralized, digital and privacy-protected against corporate proprietary control, opportunities for bio-tech innovation in collaboration with post-secondary and other research institutions can best benefit from the proximity of downtown concentration.
- New models of community policing and care emerged specifically for downtowns, embracing a harm reduction approach that ensures safety and access for all.
- The needs of essential workers were prioritized including safe working environments

COMMUNITY



- People living and working in cities actively debated approaches to social cohesion, environmental integration, Indigenous reconciliation and restorative justice and equity, teaching their children what civic engagement means.
- Street names and institutions, statues and entire spaces were altered to reflect the changing values of the neighbourhoods and signalling downtowns as public places for people.
- Public space activations prompted people to shop locally, engage in community preservation and renewal, participate in community activities and find ways to generate public benefits from privately owned spaces, especially in encouraging commercial spaces to become more porous and accessible.

TOURISM, CULTURAL & ENTERTAINMENT



- Commercial and non-profit cultural enterprises found new ways to produce offerings that make use of both large and small venues and hybrid productions to maintain digital audiences.
- Hotel experiences were reinvented with a focus on contactless services and personalization, health and wellness, as well as hybrid workspaces.
- Increased investment in public realm amenities serves residents, workers and visitors to enjoy the diversity of offerings in downtown neighbourhoods, ranging from outdoor performance spaces, markets, pedestrianized routes and renewed waterfronts.

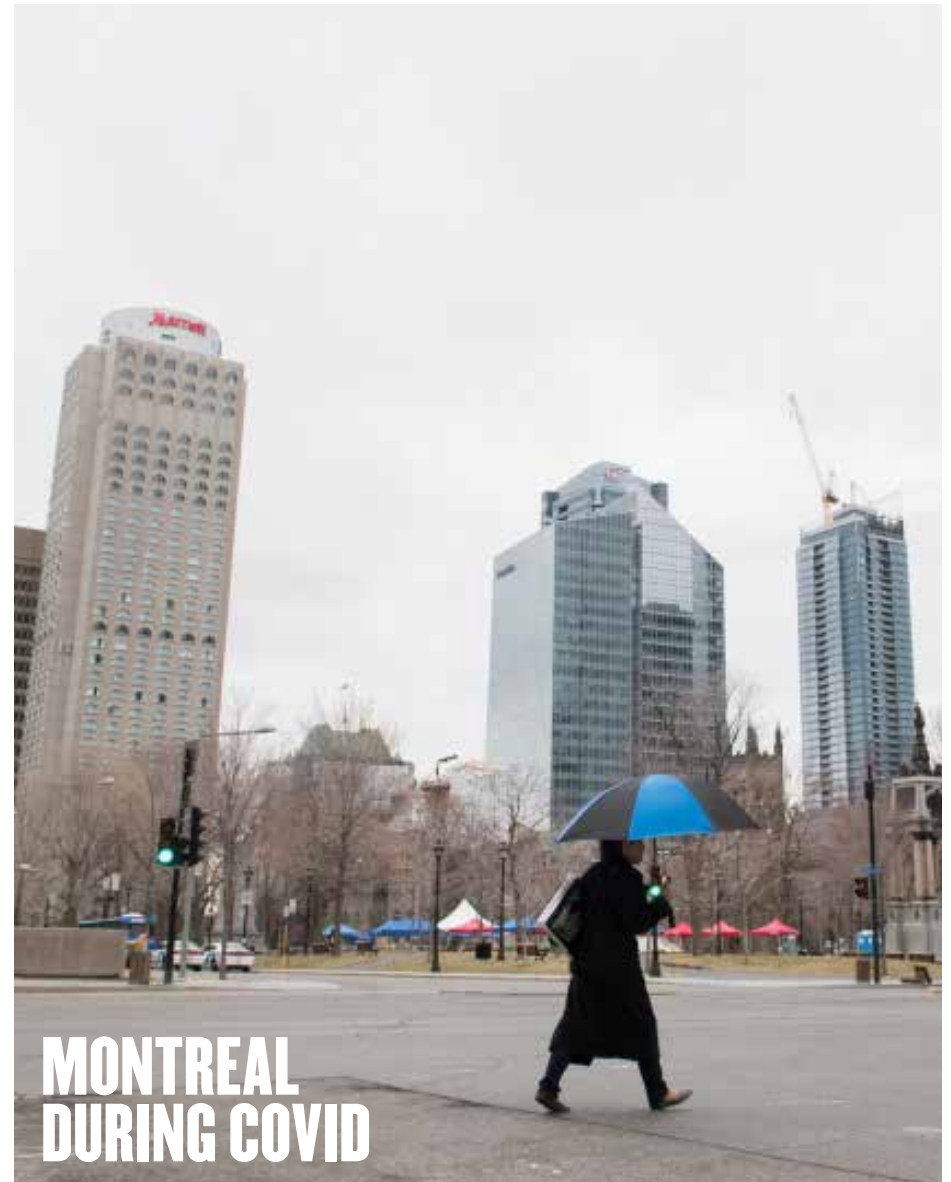
INSTITUTIONAL



- Control over their technology enabled municipal governments to provide services more with more flexibility, inexpensively and effectively.
- A more participatory local democracy led to stronger and more innovative governance, with public trust and buy-in for ambitious new approaches to budgeting, zoning, procurement and many other areas. Innovative engagement included children as young as ten casting ballots for policy decisions that affect them, integrating notions of accountability and civic education for future generations into public governance.
- Governments mobilized around a movement for urban economic justice that addresses the inequity amplified by the pandemic, with essential workers, racialized communities, discriminatory practices, the unhoused and chronic unaffordability at the centre of these discussions. No where is this made more clear than in our transformed downtowns, where new forms of affordable housing now accommodate essential workers, who can walk to employment and public services.

Scenarios might seem like they are simply imagining the future, but in truth they help us focus on the choices we must make now for the future we want. They help us clarify how today's actions will shape tomorrow's world, by making it visible. They put consequences in front of us and help us align on desired alternatives.

Could a foresight scenarios approach support downtown planning activities in your city? For ideas for how to use these scenarios to advance the discussion of downtown recovery in your city, contact CUI about workshopping foresight scenarios in your city.




5.0

**A CALL TO
ACTION FOR
THE FUTURE OF
CANADA'S
DOWNTOWNS**

5.0 A CALL TO ACTION FOR THE FUTURE OF CANADA'S DOWNTOWNS

At the heart of every great city is its downtown, the place – the centre, the core, that welcomes all people: workers, locals, visitors, newcomers, business travelers and residents.

It's often the place around which the city initially formed: a fabled intersection; perhaps where the trains stopped or the ships arrived; farmers set up their stalls; a currency exchange was established; a trading post became a department store; religious institutions established their 'seats'; City Halls were sited. Hotels and restaurants, museums and galleries, entertainment venues all followed, as did banks and corporate head offices. A broad array of support services burgeoned including settlement houses, post offices, libraries and civic institution to support the growth and functioning of the city. Our downtowns became crucibles of creativity, delivering all the benefits



The question for the public sector is, 'can you integrate your public assets, the land and buildings you own, and move from a fragmented to a unified system?' If you look at what has happened in Copenhagen over the last 30 years, or Hamburg or Helsinki recently with the reconstruction and revitalization of their older ports, it is clear that the disposition of public assets in the service of inclusive and sustainable growth is going to be disproportionately important in the aftermath of this crisis."

—Bruce Katz, The New Localism

of proximity. They were our beacons of what a city can be.

Even smaller cities and towns have downtowns, ranging from single blocks to a strip plaza or shopping mall intended to accommodate changeable weather.

As this report makes clear, no two downtowns are alike, evolving in response to a rich mixture of factors and the uniqueness of people and place. They have the potential to offer something to anyone and everyone.

But what is common is that Canada's downtowns are facing a crossroad. The multiple upheavals provoked by COVID-19 exposed serious fissures in our economic and social systems. These manifested

most acutely in our downtowns, which were viscerally exposed as excluding, unsafe and unlivable.

To paraphrase late Chicago Mayor Richard Daley, like an apple, a city rots from its core. These districts embody the energy and resources of their city's success.

Do they have the capacity and commitment to renew themselves and chart a renewed destiny as the cores of their cities?

This report suggests yes.

The scenarios we propose offer speculative trajectories for Canadian downtowns, beyond any short-term recovery. These are provocations, not predictions or prescriptions.

Its up to downtown stakeholders to plan and act.

Mobilizing and responding to the crisis in Canada's downtowns is a large undertaking for now – recognizing that immediate decisions and actions will influence, or even determine, longer-term outcomes.

Canadian downtowns not only compete with one another, they also compete with dozens of places across North America – and increasingly the world for business travellers and tourists, for investment and for locals to choose where and how they want to spend their time and resources.

POSSIBLE FUTURES

When the Lights Go Out

warns what could go wrong in numerous Canadian cities – as history has shown can happen – without particular, bold investment and leadership to restore our cores. *Dystopia can happen.*

Nothing's Going to Change My World

highlights quick recovery approaches, but raises concerns about missing opportunities to correct systemic challenges that threaten long-term sustainability. *Status quo can remain.*

Talkin' Bout a Revolution

imagines downtowns as more complete and dynamic districts, and what will be needed to do so. *Swift transformation is possible.*

Restoring our downtowns cannot be relegated to being a 'corner of the desk' activity. It's going to require an ambitious, strategic and coordinated response, from all stakeholders: governments, the private sector, community leaders and civil society.

As we each consider the challenge before us and what role we must play, our key considerations must be:

- 1. The crises in downtowns and their uncertain futures pose a substantial threat.** The risks to local, regional, and national economies, to the social, cultural and commercial aspects of essential urban environments, and to the civic identity of Canada's large cities are immense. This demands an urgent and purposeful response.
- 2. Everyone has a stake in working together to restore Canada's cores.** Though the interests of downtown stakeholders sometimes vary, landlords and investors, governments and public institutions, large enterprises and small businesses, residents and local communities, all benefit from healthy, vibrant, and successful downtowns that work for more people.
- 3. Downtowns are permanently changed.** Regardless of whether stakeholders prefer a return to pre-COVID "normal" or a fundamental transformation of downtowns, our downtowns will never return to being simply what they were before. Technology, worker expectations, climate pressures, and calls for social justice reform are unlikely to be turned back.
- 4. We have agency in determining the form this change will take** – and whether it will be driven by unchecked forces impacting cities, or shaped by the thoughtful, deliberate actions of city-builders. Dynamic downtowns do not just happen; they thrive through thoughtful decision-making and with the right mix of planning and investment, policies and incentives, with the leadership of the public, private, and community sectors. This requires commitment, collective leadership, and collaborative action.
- 5. The crisis has created space for bold questions and conversations.** Which aspects of downtowns need to be restored and which require renewal? How do we tap the power of community-led planning and problem-solving to transform our cities? And can we finally devolve authority and resources to local governments so that solutions and policy can be developed from the ground up and implemented locally so that its sustainable? The answer to this and other big questions will vary based on unique local conditions, but all cities are grappling with them in some form. This reinforces the potential for collective action across urban Canada, to differentiate how this country emerges from COVID-19 economically more prosperous, environmentally more sustainable and socially more just.

POSSIBLE PUBLIC SECTOR INTERVENTIONS ...

Government actions are essential to the recovery of downtowns. Here are some ideas for how the public sector can assist in the recovery efforts:

1 **Establish a Task Force or Advisory Group for Downtown recovery** to guide program and policy investment in the short and long-term.

2 **Support establishment of Downtown Recovery (or Action) Centres with federal, municipal and provincial partners**, as well as corporate partners and local Business Improvement organizations, Chambers of Commerce, United Ways and other civic organizations including libraries and cultural organizations, to be repositories of information on available supports, investment, and policy leadership, to coordinate place-based approaches to strengthen economic and social fabric of main streets, downtowns and the neighbourhoods that support them – and to signal to residents, tenants and business owners that local efforts are crucial to recovery from COVID and addressing on-going challenges.

3 **Develop a new funding stream to support community development projects** in downtown corridors to support locally-specific community-building, and economic resilience.

4 **Establish a permanent data collection resource** to measure and evaluate the health of downtowns and to understand the trends and impacts to and importance of downtowns to the economy and their overall role in economic recovery for Canada. Feed this data into the Task Force for leading-edge, rapid interventions.

5 **Commit to prioritizing the allocation of any surplus publicly-owned land and buildings** in downtowns to the development of affordable housing, community and social infrastructure including community hubs or recreational centres, especially in vulnerable and under-served neighbourhoods.

6 **Consider the use of urban development agreements, tri-lateral funding and working agreements** with an urban focus, to transform downtowns and achieve multiple goals including unlocking creative solutions and intergovernmental collaboration. A new version of UDAs could be rolled out across the country with the intent of revitalizing downtowns.

THE FUTURE OF CANADA'S CORES

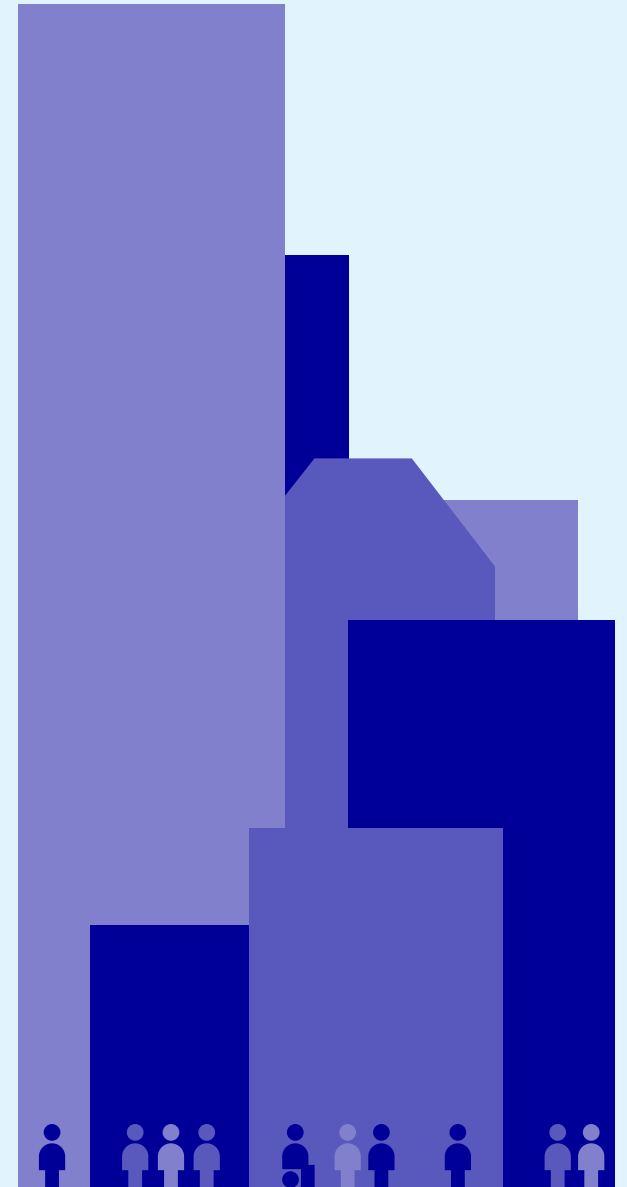
While Restore the Core did not seek unanimity among our broad coalition of partners, city-builders, and urban thinkers, there was agreement around certain broad directions for recovery and renewal in downtowns. Common features of our desired future downtowns include:

- **Equitable downtowns** that are welcoming and inclusive to the wide diversity of residents, workers, students and visitors, with the redress of systemic racism and the economic and spatial inequities made worse by COVID-19 put at the centre of decision-making, and guided by more participatory governance of cities and urban centres.
- **Vibrant downtowns** that retain a central economic function, while transitioning from the 9-to-5 monofunctional office to more diversified, 24/7 uses – amplifying their attraction and using bold placemaking as destinations where residents have access to meaningful work, education and civic gathering, thriving local arts, entertainment and culture, unique retail experiences, and cross-sector partnerships.
- **Flexible downtowns** that redefine the use of public infrastructure; encourage different modes and patterns of mobility; repurpose or reimagine the use of buildings, built form, and private and public spaces; and embrace more innovation in governance, rules-setting and investment models.
- **Livable downtowns** that offer a greater mix of affordable residential options; complete communities; social infrastructure such as schools, campuses and community facilities; and parks, bike paths, and other accessible community spaces, all enabled by policy and investments, and recognized as neighbourhoods, in addition to economic hubs.
- **Resilient downtowns** that are prepared for future shocks – whether public health, economic, technological or climate and weather-related – by embedding and aligning a resilience and sustainability lens in long-term urban plans, public infrastructure investments, and private sector development and construction.

WHAT'S NEXT?

As this phase of the Restore the Core initiative concludes, the Canadian Urban Institute is laying the groundwork for the next phase of work: a transition to on-the-ground applied research and implementation of solutions, with ideas and lessons to be shared across the country.

The changes outlined in Scenario 3 will not happen on their own. And perhaps more important, without strategies to implement change, entropy will take hold, eroding the opportunity before us. Realizing Scenario 3 will take both leadership and on-the-ground actions. This will include key planning and land use decisions, municipal tax levers and other financial investments to support a more equitable, vibrant downtown. New approaches to keep and support local businesses in



the downtown, build affordable housing and welcome residents and visitors of all walks of life will be necessary. Innovative approaches to recovery must attract and retain new uses in downtown including arts and cultural organizations, performance venues and educational institutions. To move forward, we must understand what these strategies look like, be prepared to find partners to invest and look to our leaders for bold visioning. The solution will be different for each city and downtown but collaboratively a new identity for downtowns across Canada can emerge. This is the hard but exciting work ahead of us.

It is a hopeful moment as vaccines reach a wider distribution in Canada. As COVID variants still threaten a return to normal, a more durable reopening and recovery are hopefully within reach. As we emerge from the shocks of COVID, let's not be content to tinker around the edges. Let's seize the opportunity for bold change and undertake a revolution to realize a significantly better urban life.

Let's seize the opportunity for bold change and undertake a revolution to realize a significantly better urban life.



**VANCOUVER
DURING COVID**

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