

Downtown Vibrancy Strategy

Recommendation

That the June 15, 2021, Urban Planning and Economy report UPE00565, be received for information.

Executive Summary

The downtowns of major cities in Canada have seen a reduction in people working and visiting due to COVID-19. A recent report commissioned by the six largest Canadian cities identifies this as a significant challenge that could permanently impact Canadian cities. This is concerning for all Edmontonians as Downtown Edmonton is our distinct cultural, economic and institutional hub and its resilience and success is essential for the city and the region. The COVID-19 pandemic has had a negative impact on the progress downtown had been realizing over the last number of years.

The City of Edmonton and a range of partners are actively working to support downtown vibrancy efforts, including business supports, development incentives, temporary programs for closed streets and patio extensions. The total investment allocated to this work is \$271 million. To capitalize on this urgent work, and to ensure coordinated, aligned and strategic momentum continues, Administration and these partners have developed a Downtown Vibrancy Strategy. The strategy outlines a series of actions the City and partners can take in the next two years to increase vibrancy around four key pillars which include: downtown as a home, downtown as an economic hub, downtown as a destination, and downtown as a safe and welcoming place.

Implementation of the Strategy has already begun and partners are collaboratively working to advance several actions. The costs to implement the Strategy are estimated to be between \$7 million and \$28 million. Administration is proposing a risk-based financial approach for funding of \$5 million for the strategy. This funding will be used to further leverage contributions from partners. This funding will be supplied through existing funds from within the existing 2021 operating budget, including year-to-date budget savings and continued cost management strategies and no new additional funding is requested.

Report

Context within Canada

Downtowns across Canada have been adversely affected by the COVID-19 pandemic. To fully understand and measure the impacts, the Big City Executive Partnership (City Managers of Toronto, Montreal, Ottawa, Edmonton, Calgary and Vancouver) commissioned a report published in March 2021, see Attachment 1 for the report summary.

The research identifies major components of the economic and social fabric that have been impacted by the pandemic including the well being of marginalized people, working from home, e-commerce, online platforms for arts, culture and education and tourism.

Cities face an overall challenge that the short term reduction of people working, studying and shopping downtown risks becoming a permanent cycle of decay in which downtowns see service sector business closures, making them less attractive and ultimately contributing to people and businesses moving away.

Administration has incorporated the report findings into the work presented here. This includes the recommendations to affirm the importance of downtown, request new financial support from other levels of government, fund work that strengthens the image of downtowns and implement support programs for sectors that will play a key role in the recovery of downtown.

Importance of Downtown Edmonton and the Impact of COVID-19

Downtown Edmonton holds a critical share of Edmonton's housing, employment, and civic activities, generating over nine percent of the city's property tax revenues in less than one percent of the city's area. The City's and regional plans recognize the significance of downtown; The City Plan provides the direction to preserve and strengthen the role of Centre City as Edmonton's principal employment and residential node, regional economic and mobility hub, urban and traditional meeting place, and celebration space.

This work builds off of several years of growth in our downtown. Since 2014, over \$4.4 billion in private and institutional investment has been made downtown. In addition to this, the City of Edmonton has invested over \$1 billion in capital projects downtown including Rogers Place Arena, Alex Decoteau Park, and Jasper Avenue New Vision. Downtown has also increasingly become a regional destination for amenities and attractions that bring 4 to 5 million visitors each year. Currently 12,000 residents call downtown home. Private investment continues in 2021 with over \$1 billion approved for up and coming developments.

Despite this progress, downtown has been negatively and disproportionately impacted by COVID-19. Since the pandemic began, fewer people are visiting downtown to work, shop, study, and attend festivals. Almost all the usual drivers of activity have been affected; up to 60,000 office workers are working from home; roughly 35,000 post-secondary students transitioned to online learning and are no longer coming to their downtown campuses; conferences, performances and events have been cancelled or conducted virtually. With fewer people downtown, restaurants, personal services and retail businesses have closed.

Public health measures have severely limited the capacity of homeless-serving agencies, reducing their ability to meet the need for services. The economic shock of COVID-19 has contributed to the overall increase in the number of people experiencing homelessness and the number of precariously housed people seeking support. With fewer eyes on the street, the perception of safety has decreased and crime rates for harassment and assault are proportionately higher.

Response to Date and Ongoing Work that Supports Downtown Vibrancy

In response to the impacts of COVID-19, the City and partner external organizations have actively been supporting downtown relief through a range of initiatives including business supports, social services, development incentives, vibrancy, cleaning and maintenance, public safety, and infrastructure investments. This work, combined with planned capital projects, totals over \$271 million in public investment related to vibrancy downtown. Highlights include:

- 2021 Edmonton Economic Recovery Construction Grant (City of Edmonton) which offers a financial incentive for new high-impact projects, up to \$22.9 million is available. Seven applications have been approved to date with a combined construction value of \$324 million which will result in 1,254 new residential units and 2,614 construction jobs.
- Downtown Spark (Edmonton Arts Council, Explore Edmonton Corporation, Downtown Business Association and City of Edmonton, with funding of \$1.1 million from Western Economic Diversification Canada) to deliver a series of free, outdoor experiences and exhibits aiming to bring visitors downtown. Over 75,000 visitors have come downtown since the launch in March 2021.
- Shelter Services (City of Edmonton) \$2.9 million in funding to Boyle Street Service Society and Bissell Centre for expansion of day shelter services in their home locations.
- Enhanced transit security and cleaning (City of Edmonton) deploying joint operational teams of police officers and transit peace officers within downtown areas on the transit system, as well as cleanup efforts that provide free litter kits to businesses and focus on alleys.

- Edmonton Economic Recovery Grant (City of Edmonton) which provides local businesses and business organizations with flexible funding in order to relaunch and strengthen their business model. As of April 2021, 73 grants have been awarded of nearly \$73,000 to Downtown Business Association members.
- 2021 Business Licencing Fee Waivers and Business Improvement Area Levy Waivers (City of Edmonton) which have provided \$1.2 million in relief to downtown businesses.
- Patio and Retail Extension Program (City of Edmonton) which streamlines permissions for temporary activations. As of May 2021, more than 141 businesses are participating. This is up from 110 at year end 2020 and 34 at year end 2019.
- Tipinawâw Temporary Shelter (City of Edmonton) \$13 million in funding which provided 93,000 check-ins for day services, 150,000 meals, 5,953 visits to the overdose prevention site, and connected 126 people to housing first teams.
- 2021 Technology Accelerator Program funding approval of \$5 million (City of Edmonton) to accelerators that are successful in their application with the broader program of Alberta Innovates.
- A director for Vibrant and Safe City has been recruited to work with the City Manager's Office. The director will further advance the Vibrancy Strategy work with a focus on safety and relationship building.

In addition to the above, a range of capital and other resources have been focused on the downtown over the last number of years, see Attachment 2 for further details.

Vibrancy Strategy

To further support the recovery of downtown, Administration worked in partnership with a range of downtown stakeholders on the development of a Downtown Vibrancy Strategy. The strategy lays out 20 actions that will be led by a number of partners. These actions are organized around four key pillars:

- Downtown as a home - a place with a thriving and inclusive population where people continue to want to live and enjoy a high quality of life.
- Downtown as an economic hub - a place that supports a strong, diverse economy, where businesses, infrastructure, and amenities are connected and coordinated.

- Downtown as a destination - a place that people love, where tourism, retail, services, festivals, arts and culture, and attractive, accessible and well-activated public spaces flourish.
- Downtown as a safe, welcoming place - a place that prioritizes participation and quality of life for everyone, regardless of race, gender, class, age, ability, culture or other identities.

Administration worked closely with partners to consolidate actions that are underway and to create new actions that focus on advancing these four pillars. Actions range from promoting downtown, enhancing safety, making downtown more fun, programming for transit areas, improving urban wellness, business retention, to return to work strategies for large employers. Each action identifies potential partner organizations that can play a lead or collaborative role in implementation; this may include financial contribution. The City is just one participant in this work and leadership from a range of partners will be required to realize this strategy. Attachment 3 contains a summary of partners who participated as well as themes that were captured during a Downtown Vibrancy Roundtable held on April 23, 2021.

The actions are further informed by public engagement and activities done through a range of other projects, including:

- The City Plan which provides direction for a downtown that is attractive, accessible, supporting economic, cultural, institutional and residential prosperity
- Edmonton Economic Action Plan which seeks to strengthen economic development and diversification
- Capital City Downtown Plan that identifies public infrastructure catalyst projects
- Edmonton's Urban Wellbeing Plan: RECOVER, a framework with tools and levers for strengthening people's key connections to life downtown

Next Steps

Implementation of the Strategy has already begun. In addition to the work identified in Attachment 2, Administration and downtown partners will continue to work together to prioritize actions, refine implementation leads and supports, and refine funding requirements and funding advocacy to other orders of government. Critical to this work is remaining agile and nimble to emerging opportunities. This may involve adjusting actions as required.

Budget/Financial

In addition to the \$271 million of public investment for projects underway and planned that support downtown vibrancy, the Strategy includes a high level estimate of potential costs for implementation. Total implementation costs range from \$7 million to over \$28 million depending on the scope and scale of each action. Actions are intended to be scalable to respond to the level of funding available.

Administration intends to leverage one-time funding of up to \$5 million to fund Strategy actions and help leverage contributions from other partners. Year to date financial results suggest favorable budget variances may be available in certain areas such as Recreation Services and fuel costs where the facility closures have lasted longer than originally anticipated as a result of the length of the pandemic and the extended public health measures.

Administration is balancing the need to assist in the recovery of downtown with the risk associated with the long term effects from the pandemic and the possibility of a slow economic recovery. For this reason, Administration will direct that up to \$5M for 2021 can be leveraged to fund the Vibrancy Strategy, supported through continued cost control and favourable revenue and expense variances in the first four months of the year. These mechanisms supply sufficient funds from within the existing 2021 operating budget, including year-to-date budget savings and continued cost management strategies, and as such no additional budget request is necessary at this time.

This risk-based approach to managing the favourable variance means no targeted budget reductions would be applied, rather this initiative would be absorbed and managed within the current budget. Careful monitoring of the anticipated surplus position is required as this approach is effectively a commitment to spend savings incurred in the current year. This risk could be mitigated by lowering the transfer from operating to capital or reallocations from other variances if necessary. Administration will monitor the financial results and adjust the approach if required.

While Administration can implement this approach for the Vibrancy Strategy, extending this to other new programs/pressures is not recommended due to the risks and volatility associated with forecast within the year and the continued uncertainty with the ongoing pandemic.

Administration continues to monitor the effect of the pandemic on the City's overall financial position as full recovery to pre-pandemic levels of ridership in transit and the return to recreation facilities are anticipated to be slow, creating revenue pressures well into 2022 and later. The allocation of \$5 million to the Vibrancy Strategy will reduce the financial flexibility available to address 2022 COVID-19 related costs. In order to preserve a degree of financial flexibility given the level of uncertainty that persists as a result of the pandemic, Administration does not intend to leverage the Financial Stabilization Reserve to support the Vibrancy Strategy.

In addition to economic drivers to support downtown vibrancy, the social impact of the pandemic is important to consider. Funds flow to community organisations through a variety of grants and funding opportunities. For example, Family Community Support Services (FCSS) grants are allocated through the Community Services Advisory Board

(CSAB) to fund preventive social services. The agencies that receive FCSS funding offer programs and services whose outcomes include building resilient individuals, families and communities. Many of these funded programs and services support individuals and families in the downtown area and will complement the Vibrancy Strategy.

Administration will work with CSAB to explore how the grants, programs and services offered by and through the City contribute to and align with the Vibrancy Strategy.

Corporate Outcomes and Performance Management

Administration will evaluate the outcomes of the Strategy using four key measures identified in the Strategy and listed below.

Corporate Outcome(s): Edmontonians are connected to the city in which they live, work and play. Edmonton is a safe city.			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Downtown adds residential units (Pillar 1)	Residential construction - # of units permitted	254 - 2019 346 - 2020	Increase year over year
Downtown fills vacant office space (Pillar 2)	Office vacancy - percentage change of space	19% - 2019 20% - 2020 (CBRE)	Decrease in vacancy rate year over year
Downtown hosts more events (Pillar 3)	Number of events held	74 - 2019 3 - 2020	Increase year over year
Edmontonians perception of downtown safety improves (Pillar 4)	Percentage of patrons who perceive downtown is safe	40% - 2019 31% - 2020 9% decrease from 2019 2020	Positive percentage increase

Attachments

1. The Impact of the Pandemic on the Downtown Areas of Canada's Six Major Cities
2. New and Ongoing Work that Supports Downtown Vibrancy
3. Downtown Vibrancy Strategy
4. April 2021 Downtown Vibrancy Roundtable - Summary of What we Learned

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement

- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- R. Smyth, Deputy City Manager, Citizen Services
- K. Fallis-Howell, Acting City Solicitor