

## *Study on the Impacts of COVID-19 on the Downtown areas of Canada's Major Cities*

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### EXECUTIVE SUMMARY AND KEY MESSAGES

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#### 1. CONTEXT OF THE STUDY

The City of Montreal is a member of the Big Cities Executive Partnership (BiCEP), a table that brings together the City managers of the six major Canadian big cities: Montreal, Ottawa, Toronto, Calgary, Edmonton and Vancouver.

The Covid-19 pandemic and its repercussions on downtowns are part of BiCEP's priority discussions. Without exception, each of the major Canadian cities therefore wishes to place immediate support measures and rethink the vocation of their downtowns in the longer term.

These cities act as the economic engines of the country. They face a unique situation that suddenly and unexpectedly arose in March 2020. The opportunity was then ripe for pooling efforts to identify solutions and actions to strengthen city centers, in particular by calling on the federal government.

To fuel the reflection, the City of Montreal wished to present to the group a study that will diagnose the situation in the downtowns of the big cities, identifying common and specific issues, especially in the short term (immediate support), and longer term (transformation).

A mandate was given to PwC to conduct the study.

- As part of the study, PwC conducted a series of Canada-wide interviews with various organizations and municipalities concerned by the transformations underway in city downtowns.
- The study presents 7 proposals within which are presented a series of actions to be taken in the short, medium and long term.

The courses of action revolve around the following 6 principles:

- Ensure a social continuum by focusing on the well-being of all citizens and the integration of marginalized populations in downtowns territories.
- Focus on economic development and recovery in line with ecological transition principles.
- Ensure and diversify the revenues of cities so that they can deliver services and help revive the economy.
- Protect and improve the economic fabric of city centers by supporting the private sector, as well as the vitality and influence of downtowns.
- Provide support for the transition to the digital economy, necessary for more efficient management processes, and benefiting both citizens and the private sector.
- Increase the resilience of city centers in the face of environmental, social and economic challenges they are facing.

## 2. KEY MESSAGES

Downtown Montreal, like those of the five other major Canadian cities, is affected by the health crisis:

- Downtown areas of major Canadian cities, including Montreal, are suffering the most from the effects of the COVID-19 crisis.
- Several of the key industries contributing to their strength have slowed down or stopped: leisure and business tourism, major cultural events and sports, gastronomy, hotels, etc.
- The very essence of downtowns, their ability to bring together and foster density, is incompatible with the social distancing measures imposed by governments across the country.
- The loss of workers, tourists and students has led to a decline in traffic for local businesses that highly depend on the daily influx of visitors.
- Downtowns could also lose their attractiveness as a place of residence.
- By the time of mass administration of an effective vaccine, all of downtowns functions will be affected by the drop in ridership given public health considerations, people's desire to avoid crowds and provincial and federal regulations.
- If, in the short term, the situation is indeed worrying – given the possibility of significant business shut down – the medium-term situation is just as concerning. The risk of downtown devitalization is real.
- It is therefore important to ensure sustainable funding for cities and increased revenue diversification in order for them to continue to deliver services and help revive the economy.
- As an important financial partner in the implementation of large-scale flagship projects, greater federal commitment to Canadian cities is essential so cities can take more risk while respecting their financial framework.

## 3. PRIORITY ACTIONS FOR DOWNTOWN

While they are drivers of economic development, cities are faced with increased pressures in terms of service delivery, while having to deal with a decrease in their income.

Due to the magnitude of the pandemic's consequences on downtowns and the financial pressures that big cities are facing, all stakeholders must take action to revive the economic activity of this critical sector. In particular, federal targeted funding is needed to give large cities the possibility to absorb COVID-19's ongoing impacts.

The study also puts forward several actions including two elements specifically targeting the federal government:

1. In the immediate term, new financial resources should be allocated to major cities' downtown areas.

In particular, the report recommends to:

- Reserve a specific budgetary envelope dedicated to actions in connection with promising economic development projects for downtowns;
  - Place greater emphasis on eco-taxation following user-pays principle;
  - Ensure greater federal commitment as a financial partner for big cities.
2. Downtowns must be recognized as a distinct and separate sector. The federal government should affirm the importance of city centers given their economic contribution and implement a program inspired by that of the “superclusters”:
- The report proposes establishing a standing committee, "Canadian city centers", that would bring together the six city managers of Canada's most important cities and representatives of the federal government and the Municipal Affairs representatives at the provincial level. This committee would address different issues such as ecological transition, digital transition, economic, cultural and tourism development and the challenges of homelessness, social inclusion and housing.
  - Downtowns should be recognized as a cluster since they are areas with a high density of commercial activities, including a critical mass of small and large businesses, post-secondary institutions and other research institutions. They energize the economy and serve as an engine of growth. A program inspired by the federal "superclusters" program should be implemented for city centers.

#### **4. OTHER ACTIONS PROPOSED FOR DOWNTOWNS**

The present health crisis is also creating new opportunities that cities will need to seize, in particular to reinvent downtowns, build resilience strategies, strengthen the role of higher education institutions and provide support to long-term sustainable sectors.

Thus, in addition to the two previous priority actions, the following measures should be considered to drive the recovery of economic activities in city centers:

- Establish a standing committee of large cities;
- Financially support projects and initiatives that help strengthen the image of city centers;
- Implement support programs for the sectors that will play a key role in the recovery of downtowns
- Carve-out a specific budget dedicated to promising economic development projects for downtowns;
- Establish a global diagnosis of vulnerable areas in downtowns according to different crisis scenarios and build responsive strategies.