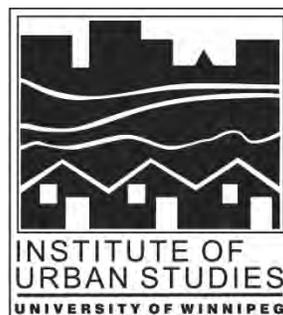


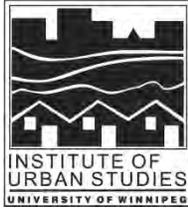
Beyond the Core Area Initiative: Prospects for Downtown Winnipeg

Occasional Paper No. 4

**by Earl Levin
1984**

The Institute of Urban Studies





THE UNIVERSITY OF
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BEYOND THE CORE AREA INITIATIVE:
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The paper was presented to the Beyond Core Area Initiative Conference on March 1, 1984 at the University of Winnipeg.

by

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This discussion is on the theme of what lies in store for Winnipeg after the Winnipeg Core Area Initiative. In order to address that subject adequately, it is necessary to have some understanding of the situation which existed *before* the Core Area Initiative. That, of course, opens a limitless historical vista, and we could consume much more than the entire day in looking at the "Before" situation in preparation for the discussion of the "After." Nevertheless, I find it necessary to review some of the background, and to touch briefly on two matters which I think are important for a proper understanding of the subject.

The first matter to draw to your attention is how severely limited are the powers of a municipal government. The municipality's competence, that is, its statutory, legal, and financial powers to act on issues of an economic or social nature, such as for example, industrial development, job creation, unemployment relief, social welfare, health care, education, etc. or even on matters of an environmental nature, are extremely limited. Such matters lie within the sphere of competence of the provinces or the federal government. Municipal government is concerned primarily with land and the servicing of land. A common expression of this arrangement of areas of competence is that municipal government is concerned with services to property, while the provincial and federal government are concerned with services to people.

The second matter arises out of the first. Because statutory and fiscal restraints confine the competence of municipal government to issues affecting the use and servicing of land it must follow that the interest of municipal councils must be focussed on land-related issues. This is just another way of saying that the dominant interest of municipal councils must be *development*. It cannot be otherwise, given the very nature of municipal government, the constitutional context within which it is created, the statutory context within which it functions, and the fiscal structure within which it is financed.

There is an extensive literature of criticism of municipal government, attaching its eagerness for development and its alledgedly too-ready

accommodation of the developer. Whatever may be the ideological merits or defects of this criticism, the fact is that city councils have no option but to be not merely concerned with development as the normal condition of their vocation, but to encourage it. Without it, their role is simply to repair roads and pick up garbage and even that role is in jeopardy without continual augmenting of the municipal revenues, most of which comes from new development. Development is the life-blood of the city. It is the source of urban vitality, and the principle stimulus to which the members of the city council can respond.

During the decades following World War Two, that life-blood was flowing rich and fast in the veins of our Canadian Cities. The facts about the urban explosion in Canada after the war are common knowledge. The processing of new land to accommodate the dynamic growth of the urban population, and the extension of the built-up area was the most central and characteristic activity of our metropolitan centres and their governments during those post-war decades. In Winnipeg, it is also common knowledge that during this period, in spite of the high level of urban activity throughout the land, and even in this city for perhaps a decade and a half, the downtown declined in terms of a variety of criteria. Retailing fell off, vacancy rates rose, new investment was infrequent, industry moved out, few new residences were constructed, demolition was significant, serious and petty crimes increased. There is a long litany of woes which are commonly cited as afflicting Winnipeg's downtown. There is also a plethora of reasons explaining this phenomenon.

Most of the reasons which are offered are valid, but they are also for the most part secondary or contingent reasons. The basic reason for the condition of Winnipeg's core area, as indeed for most of the problems which beset the city, is that Winnipeg has arrived at a condition of no growth, and has been in that condition for a considerable period of time. At a time when most of the other metropolitan centres in Canada were growing at an unprecedented rate, Winnipeg was slowing down and crawling to a stand-still. For the thirty years between 1951 and 1981, the growth of the major metropolitan centres of western Canada - of the whole of

Canada for that matter - was quite remarkable. For example, Regina grew by over 130%; Saskatoon by 190%; Edmonton by 280%; Calgary by 333%; Vancouver by 140%. Greater Winnipeg grew by 65%. This city's most impressive rate of growth was achieved between 1951 and 1961 when it averaged 3.4% per year. In the following decade, 1961-1971, it averaged 1.35% per year. And in the decade 1971-1981 Winnipeg's growth rate averaged about .8% per year, and only .5% for the last half of that decade.

Although every aspect of the city's life felt the impact of this situation in its own terms, there was a general failure on the part of the public as well as of the city government to recognize the full measure of its implications. The central concern of the city's government remained the processing of land for development, but with the stabilization of the population growth, demand for new land for development also subsided. In other large metropolitan centres such as Toronto, Calgary, Edmonton and Vancouver, land development continued apace until into the 1980s. Even Saskatoon and Regina, traditionally the slow-growth centres of the west, seemed dynamic by comparison with Winnipeg. The prevailing view throughout this long period of decline has been that Winnipeg never experiences great highs or lows, but moves along on a fairly even keel, along the path of the national average; when the national economy is down, Winnipeg is down, and when the national economy improves, Winnipeg's economy improves. These fluctuations responding to those in the national economy, are viewed as the normal cyclical pattern of this city.

This is a superficial view. Winnipeg does not recover commensurately with the national recovery. Although Winnipeg's economic fortunes may indeed fluctuate in consonance with those of the nation, the level to which it recovers after each dip is a declining level. Certainly the demographic curve over the last thirty years does not provide any basis for great optimism or smugness. What is not generally appreciated is that the condition of population equilibrium in which Winnipeg finds itself is not a cyclical or temporary condition but one into which the city has been moving for many decades and which now is probably a permanent condition.

If one were to try to fix a date or identify a milestone, marking the descent of Winnipeg from its position as the major metropolis between Toronto and Vancouver, and its settling onto a plateau of slow growth and secondary status, one would probably have to recognize two epochal events. One is the opening of the Panama Canal in 1914 which marked the beginning of the end of Winnipeg's role and importance as the transportation, bulk-breaking, warehousing, wholesaling, and distribution centre of western Canada. The other is the discovery of the Leduc oil-field, on Edmonton's southerly doorstep, in 1947, which ensured the shift of development energy and investment capital to Calgary and Edmonton. Winnipeg's importance has declined steadily since these events, and the importance of Vancouver, Calgary, and Edmonton has steadily increased. All three now surpass Winnipeg in status, and as centres in which important economic and other urban metropolitan functions and activities are located, both regionally and nationally. Even Regina and Saskatoon have enjoyed a greater relative enhancement of their respective roles and status than has Winnipeg.

In times of vigorous urban growth, city governments can focus their interest on land-related issues, which is their essential responsibility, and pay little heed to the other social and economic problems which properly lie beyond their sphere of competence. If these problems persist and no effective solutions are found, the city government can berate the senior governments for their failure, and continue to concern itself with those development-generated issues which lie within its proper area of jurisdiction. Moreover this other order of urban problems is generally quiescent during periods of vigorous growth. Such periods are periods of prosperity, high levels of employment, and low incidence of social distress.

In an era of slow growth, however, the decline in the processes of development reduces the development-generated demands on the city council and the civic administration. In this circumstance, the city government finds itself in a rather anomalous position because the economic and social problems with which they cannot deal, but which could be overlain by development issues in times of vigorous growth, cannot so readily be

submerged from council's view. More than that, because these latter issues belong to the fields of jurisdiction of the senior governments, and because there is not the counterbalancing development activity to give the council high visibility, the presence of the provincial and federal governments looms larger on the civic scene than would otherwise be the case.

The senior governments' presence is already large-scale in the field of economic and social programs in the city during periods of recession or slow growth, and almost inevitably it can be expected that these programs will be coupled with proposals for stimulating development and attracting private sector investment to get growth and development going again.

This, in fact, is what has happened in Winnipeg, where the Core Area Initiative is perhaps the most clear-cut textbook demonstration of this process. We have arrived at the position in which the major planning and development decisions affecting the City of Winnipeg are not being made by city council and do not involve in any formal way the city's planning department. The federal and provincial governments from the beginning have been the "heavies" in the Initiative, and the city has been treated as a truculent minor player whose presence has to be tolerated because the game is being played in the city's back yard.

Public attention has now switched from the Core Area Initiative to the North Portage Development Corporation. In part the switch may be due to the much higher profile that a large-scale physical development project commands as compared with the small-scale, low-profile activities of the Initiative office. In part, however, it is because intuitively the public has come to the conclusion that the Initiative office has failed to accomplish anything which will revitalize the core, and that the last opportunity for achieving that objective must lie with the North Portage project.

The Initiative will fail to revitalize the core. Neither will the North Portage project revitalize the core. Certainly it will markedly change the character and activities in the three or four blocks which are redeveloped. But the effect of the change will not be felt for any great

distance beyond the boundaries of the project. The area of downtown deterioration is too extensive, and its nature too complex, and the redevelopment proposed is too small in scale and too simple in its structure for it to be able to generate a strong surge of new vitality throughout the entire downtown. I do not believe that the deteriorated condition of the core area is a localized phenomenon, peculiar to that part of the city, and that it is therefore amenable to revitalization by merely pressing new public monies into that location. The condition of the core area is symptomatic of a much more deep-seated and endemic malaise from which the city as a whole is suffering. That malaise is the condition of no growth.

Until the appropriate measures are taken to deal effectively with this condition, there is little of significance that programs like the Core Area Initiative or the North Portage project can accomplish. The expectation of revitalization raised by these programs is a misguided expectation. These programs do not recognize, and are not based upon the fundamental social and economic reality of Winnipeg's situation. They are directed towards the symptoms rather than the cause of the city's malaise, and we should be probing far below those surface manifestations to find a fuller understanding of what is happening, and a more appropriate strategy for adjusting to that condition.

What is necessary in order to revitalize the city's core is nothing less than a strategy for revitalizing the city. One of the first steps necessary is to recognize that the normal forces at work in a growth economy are not operative here in Winnipeg. We cannot look to development to provide the source of urban vitality which other cities enjoy, and which even we enjoyed in another time. That is why we cannot look to cities such as Toronto or Dallas or even Milwaukee as a model. The notion that we can revitalize Winnipeg's downtown by building a large amount of new retail floor space on Portage Avenue is based on the mistaken view that these growth economy models are relevant in Winnipeg's no-growth situation. It may be that such new retail floor space will be successful. But it will succeed only at the cost of considerable damage to other retailers now

serving the Winnipeg retail market. And it will not revitalize the downtown.

At one time, retailing was the major function of downtown Winnipeg. Entertainment and services were also important downtown functions. However, the structure of the city and its downtown have now changed, and these former downtown functions have now in very large measure been decentralized to the suburbs. Even when they were still the major activities in the central business district, however, the downtown was not a vital place because of their presence. Certainly the business activities in the area enjoyed a higher level of vitality than they do today. But business is largely a nine-to-five activity. Outside of those hours the central business district was not a very lively place; and even within those hours, the types of activities were very specialized and limited. The notion of a lively central business district whose vitality comprises a high level of retailing and business activity, merely reflects the businessman's traditional view of the nature and role of the central business district. Indeed the very phrase "central business district" sums up this traditional view of the nature of the heart of the city. The businessman is not concerned with activities other than business, and does not see the central area as serving any other significant function. What happens in the downtown after business hours is of no great concern to him. That is still the view of our downtown businessmen, and indeed of many urban economists and other urban professionals and consultants.

Such a view is understandable where there is indeed a high level of business activity in the downtown, continually fed and expanded and enhanced by a high growth rate. In those circumstances it doesn't matter that the downtown is dead outside of business hours, or that its activities are of a very specialized and limited type within business hours. As long as business is good, everybody is happy, and the downtown is regarded as "vital."

But when a city is in a state of stagnation, and a large part of its traditional central area functions have been decentralized to the suburbs,

the downtown cannot continue to function as the commercial centre of the metropolis, if only because there is not enough urban vitality generated by new development to continue to nourish and sustain the central business district in its traditional form and location. Nor can an infusion - even a massive infusion - of new retail or other commercial floor space reverse the condition because it would require continuing new growth and development to effect and sustain a long-term reversal of the stagnant condition.

Core area vitality in Winnipeg must have a different meaning from the conventional meaning of an active business sector. The revitalization of Winnipeg's core area cannot be achieved through the vain attempt to go backward in time and to recreate a core which can function as the retail and commercial centre of the metropolis. That era and that function are now irrevocably behind us. What we are faced with now is the need to create a new kind of core area. The fundamental building block of this new kind of core area is the residential community: not just one such residential community, but many; not just in one location, but in many; not just of one kind, but of many kinds, each with its own character and identity. It is only when we have a minimum of, say, 25,000 new residents living in the area between the C.P.R. tracks, the Assiniboine River, the Red River, and Memorial Boulevard, that Winnipeg will have a truly vital core area.

It may not be possible to achieve such a goal. Certainly the City of Winnipeg through its own efforts couldn't achieve it. Nor could it be achieved at the current rate of growth. Clearly then, at least two conditions must be met as a basis upon which to build toward that goal of revitalization. One is a new kind of partnership between the city and the other governments, as well as between the public sector generally and the private sector. The other is a concerted effort to introduce new activities into Winnipeg's economy which will provide some growth energy.

As indicated earlier, we can assume the continued, perhaps even growing presence of the senior governments in our civic affairs. What the precise nature of their future involvement might be is unforeseeable, but

one can be reasonably sure that they will be involved. It may be that the Core Area Initiative agreement will be renewed and extended. That would be a mistake. A new instrumentality must be created which will be able to address more effectively the basic problems indicated. The present Initiative does not recognize this need, and does not address the basic fact of no growth in Winnipeg, and has not systematically attempted to deal with this fundamental economic issue. Unless some way can be found to stimulate new economic growth in the City of Winnipeg, efforts at core area revitalization are not likely to succeed.

As a step in this direction, the City of Winnipeg should have the statutory and financial capacity to pursue more freely than is now possible, a broader range and a more highly selective choice of industrial development strategies and programs. The city needs greater entrepreneurial powers and a broader revenue base so that it can provide the climate and incentives for new economic growth. The Winnipeg Industrial Development Corporation is doing the best job it can in present circumstances. But it does not have the appropriate mandate or sufficient funding to allow it to pursue a proper economic development strategy.

It will of course be pointed out that there are several departments of the provincial government which have responsibilities in this field. I am not minimizing their role. My concern is that their constituency is the entire Province of Manitoba, and Winnipeg is not a priority in their programs. What is needed, perhaps in addition to or in conjunction with the present provincial programs, is an enhanced and augmented *city* program.

It has now become a cliché - almost an automatic knee-jerk reaction - whenever the question of new economic development potential is raised, to say "high technology." Nevertheless I still believe that that is the direction in which new economic development strategies must be pursued. There are several fields in which Winnipeg has the potential for developing and exploiting new technologies and processes which could provide the basis for some new economic growth, even if only on a modest scale.

But the city can't realize this potential on its own; and the Province may find it inappropriate to concentrate a specific economic development program on Winnipeg. It is altogether likely that the federal government would have to participate. Which brings us again to a tripartite government program. I suggest however that \$96 million dollars spent on a carefully thought out economic development program in a selected field or fields of high technology would yield greater dividends in core area revitalization than the present Core Area Initiative. We are going to have continuing involvement in civic affairs on the part of the two senior governments as long as Winnipeg is in a condition of no growth. This means more tripartite agreements. Let's make sure that the next expensive one tries to deal with the basic cause of our declining vitality, instead of merely dabbling with the symptoms.

As a final point, I want to touch on the need for a new relationship between the public sector and the private sector. It is important to recognize that in society there can be very little economic vitality without the private sector. If private investment and entrepreneurship are not available there will be few new jobs created and little new wealth produced. This is true in the larger general field of industrial development as well as in the more specific field of urban land development. One of the defects of the Core Area Initiative so far has been its failure to involve the private sector. And one of the dangers of the North Portage project so far is that it has not recognized the need, and indeed the opportunity for a new creative relationship with the private investment and development community. The Development Corporation is proceeding along the lines of the traditional roles of the public and private sectors.

But the traditional roles and stances are ineffectual in a no-growth situation. Traditionally, the public sector and the private sector--the city and the developer--operate in a relationship in which the developer proposes and the city responds, and it is the developer who initiates the process. In a dynamic city, private sector investment is assured, and there is rarely any need for special arrangements between the public

sector and the private sector to attract such investment. For example, in Toronto, or in Calgary when it was booming, there would not have been any need for a publicly funded Core Area Initiative. Private capital was readily available for an Eaton Centre or a Husky Tower.

However, in a situation of slow growth there is little development initiated by the private developer. The development initiative must therefore swing to the public sector, because jobs, revenues, business and other basic economic matters and political interests are at stake. The public sector, however, cannot for economic and political reasons carry this development initiative entirely by itself. It must seek to involve the private sector. That effort normally finds expression in the offering of financial incentives by the public sector to the private sector in the form of write-down in the cost of land, tax concessions, reduced-interest loans, publicly financed parking, and so forth.

Nevertheless, the basic traditional positions occupied by the public sector and the private sector respectively are essentially positions of confrontation, or adversary positions, in which, at the extremes, the city officials are seen as protecting the interests of the public against the predations of the rapacious developer, or from the other side, in which the enterprising and far sighted plans of the developer are obstructed and frustrated by a rigid and unimaginative bureaucracy and by self-serving politicians.

Such attitudes and roles can only be countenanced in circumstances where growth and development activity is at a high level, investment opportunity and alternatives are plentiful, and financing for development is readily available. In these circumstances the traditional confrontational, adversary, positions of the city and the developer can be tolerated as part of the game in which each side tries to gain the maximum advantage for its own interests.

However, where there is little development activity, these traditional attitudes and roles produce no advantage for anyone. The private developer simply moves his capital and his expertise to locations where

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However, where there is little development activity, these traditional attitudes and roles produce no advantage for anyone. The private developer simply moves his capital and his expertise to locations where

opportunity is more plentiful, and climate less hostile; and the slow-growth city suffers the consequences. Winnipeg provides a clear demonstration of this situation. Local investment capital and development expertise have been transferred to other locations, notably the sun-belt of the United States; the city council's capacity to function effectively is diminished while the role and presence of the provincial and federal governments is enlarged; and the status and vitality of the city, both in the regional and national context, and indeed in terms of its attractiveness as a place to live, decline.

The establishment of the North Portage Development Corporation may indicate the possibility of re-ordering the relationship between the city and the private sector. The present form and function of the Corporation is still a long way from what is required, but it may be a step in the right direction, and may therefore offer some grounds for optimism. What is required is a much more direct and much closer relationship between the public sector and the private sector in the planning, financing and carrying out of selected critical development projects. The appropriate instrument might be a permanent, joint public-private development corporation, at arms length from government, whose role would be not only to plan and carry out, but also to provide a flow of investment capital on a joint equity basis, for the development of selected key projects which the private sector alone would not be interested in undertaking in a slow-growth situation. Perhaps the North Portage Development Corporation is a foreshadowing of the ultimate appropriate instrument. At present it is a "one-shot" deal; its life span is limited; its relationship with the private sector is simply the traditional relationship; its linkage to government is only marginally different from the traditional linkage; its organizational structure is rudimentary. There is much that needs doing to transform it, or its successor, into the right kind of instrument to stimulate the right kind of development in this slow-growth city.

Whatever may be the appropriate solution, it is clear that no such solution is at present being actively discussed. Indeed it is my conviction

that although Winnipeg's condition of slow growth is statistically recognized, the implications behind those statistics are not recognized, and there is not even the recognition that the traditional institutional arrangements and practices are quite inappropriate in a no-growth situation. It seems to me that unless such new relationships are established, Winnipeg's future, after the Core Area Initiative, will be very much like Winnipeg's past, before the Core Area Initiative - one of continuing near-stagnation; continuing sporadic but unsuccessful attempts to deal with local crises; continuing ebbing of our city's vitality; and greater and greater intrusion of the provincial and federal governments into our city's affairs, on the basis of *ad hoc* improvisations and political expediencies which are costly but which in the long term will provide no effective revitalization of our city in general or our downtown in particular.