DEVELOPING A HOUSING-BASED STRATEGY

TOWARDS

DOWNTOWN REVITALISATION:

A CASE STUDY OF WINNIPEG

BY

W. JEFFREY PALMER

A PRACTICUM SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
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A Thesis/Practicum submitted to the Faculty of Graduate Studies of The University

of Manitoba in partial fulfillment of the requirements of the degree

of

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"It is far better to occupy a well-defined and defensible niche than to face near total irrelevance."

Robert E. Lang

ABSTRACT

Trends in urban development have resulted in a downtown core that, by all accounts, has been in decline for decades. Despite considerable interest, effort and expense, downtown revitalisation initiatives in Winnipeg have not resulted in a downtown core that citizens believe is either relevant to their daily lives or a source of pride. This practicum will identify a realistic role for downtown Winnipeg to play in the urban life of its residents, and suggest ways in which this role can be achieved.

This research for this practicum is conducted in three parts. First of all, a literature review outlines the historical development of downtown Winnipeg, a brief history of downtown revitalisation initiatives in Winnipeg, and literature relating to new approaches to downtown revitalisation (focusing on a housing-based approach). Secondly, a focus group was conducted with target markets to gain further information. Finally, interviews with downtown housing developers were conducted to gain their perspective on the findings.

Results are categorised by theme according to the particular research method. Historically, residential development in Winnipeg has migrated outwards from downtown to suburban neighbourhoods. Previous revitalisation strategies, which attempted to reinforce the role of the downtown as a destination, have not achieved success. Repopulating the downtown will help add vibrancy to the area and contribute to the downtown revitalisation process. Niche communities, working in partnership with niche developers, are ideally suited to developing housing downtown.

ACKNOWLEDGEMENTS

For my grandmother.

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1.0 INTRODUCTION

1.1 Preamble

This thesis has been inspired by a lifelong interest in the nature of cities, their economies, and the communities within. As well, this thesis is motivated by a continued and sincere affection for this community and a commitment to promoting good public policy.

The role of downtowns in North American cities has changed over the past few decades. Historically, downtowns were the centre of city life where citizens would work, shop, take advantage of social and cultural events, and pursue educational opportunities, among others. More recently, downtowns have struggled to find their place in a regional system and have not responded well to the many challenges they face. New technologies (most notably the automobile) have reduced the locational advantages of being downtown. Many functions that downtowns once performed are now found dispersed throughout suburban locations and even within the home. Downtowns have lost their relevance to a significant proportion of the population, as they are no longer regional destinations. The role of downtowns must be re-examined if their decline is to be halted. Unfortunately, while significant resources have been committed to address this decline, the results of previous downtown revitalisation initiatives have not resulted in a vibrant and appealing downtown, tending instead to reinforce the status quo – namely, downtown as a commuter-oriented destination. Clearly, a new approach to downtown revitalisation is needed.

The story of downtown decline and revitalisation has a long history in Winnipeg. Decline began in the years following World War II, as it did for most North American cities. The trends towards suburbanisation were strong, and most new homebuilding and retail activity took place outside of traditional neighbourhoods. To address this decline, Winnipeg pursued many of the same revitalisation initiatives as other cities.

While the success or failure of these individual revitalisation initiatives is debatable, it is clear that downtown Winnipeg as a whole has continued to decline. More recently, new approaches to downtown revitalisation have attempted to identify niche roles that downtowns can fulfil. Current planning literature has identified a strong residential population as a significant catalyst for downtown revitalisation. In order to encourage the development of a downtown residential population, studies have attempted to identify niche communities who indicate a propensity to reside downtown. Unfortunately, although market researchers believe that they are now able to identify the types of people who are most likely to move downtown, the act of identifying a potential market has not translated into a substantially larger downtown residential population. The anticipated demand has not materialised, nor have the anticipated benefits.

Recent literature has suggested that rather than attempting to revitalise themselves through developing regional destinations, downtowns should pursue a niche approach in order to regain their relevance, even if only for a particular segment of the population. In terms of downtown housing, the literature suggests that there are certain niche communities who are best positioned to take advantage of the unique attributes and qualities of downtowns, as well as emerging demographic and technological trends. Through working collaboratively with these niche populations to create an attractive

community in which to live and work, downtowns can revitalise themselves in a long-term, sustainable manner.

Through an extensive literature review combined with empirical research in the form of focus groups and interviews, this thesis will attempt to investigate the ways in which a housing-based approach towards downtown revitalisation can be encouraged in Winnipeg.

1.2 Problem Statement

Trends in urban development have resulted in a downtown core that, by all accounts, has been in decline for decades. Despite considerable interest, effort and expense, downtown revitalisation initiatives in Winnipeg have not resulted in a downtown core that citizens believe is either relevant to their daily lives or a source of pride. This practicum will identify a realistic role for downtown Winnipeg to play in the urban life of its residents, and suggest ways in which this role can be achieved.

1.3 Scope and Objectives

This practicum has three main objectives. First of all, in order to provide historical context to the problem this MDP provides a brief historical background of urban development and revitalisation initiatives in Winnipeg. Secondly, this practicum examines the current literature that supports the role of housing in the downtown revitalisation process. Trends and techniques are drawn from a review of the planning literature, including both academic journals (such as Housing Policy Debate) as well as

trade journals (such as the Urban Land Institute Journal). The opportunities and constraints of various revitalisation approaches are analysed, with particular attention being given to the role of non-traditional or niche markets in encouraging the development of a residential population.

Finally, this practicum applies the knowledge gained to identify new ways to promote downtown housing in Winnipeg. A significant amount of research already exists which has helped to identify the potential market for downtown housing units. Unfortunately, identifying the market has not led to the development of new housing units. The literature review will identify trends and techniques used in a variety of North American cities, and provide insight into creating demand for new downtown housing units through a combination of focus groups and interviews with housing developers and target markets.

1.4 Biases and Limitations

A combination of focus groups and interviews was utilised to gather information about potential markets. As the conclusions drawn in this report are only as good as the information gathered, the limitations and assumptions of this study relate to the ability of the researcher to identify appropriate participants for the empirical research and to create an appropriate environment for ideas to be generated. In particular, the biases and opinions of research subjects must be challenged in order to ensure their objectivity and validity. These concerns are addressed in the methodology section of this document.

As well, this research assumes from the outset that a healthy and vibrant downtown is desirable, and that encouraging a downtown residential population is a viable and sustainable approach to downtown revitalisation. While the literature review will discuss other approaches to revitalisation, this document is particularly concerned with the role of housing.

For the purpose of this research, downtown Winnipeg is defined as the area identified in City of Winnipeg Bylaw 4800/88, as indicated below.

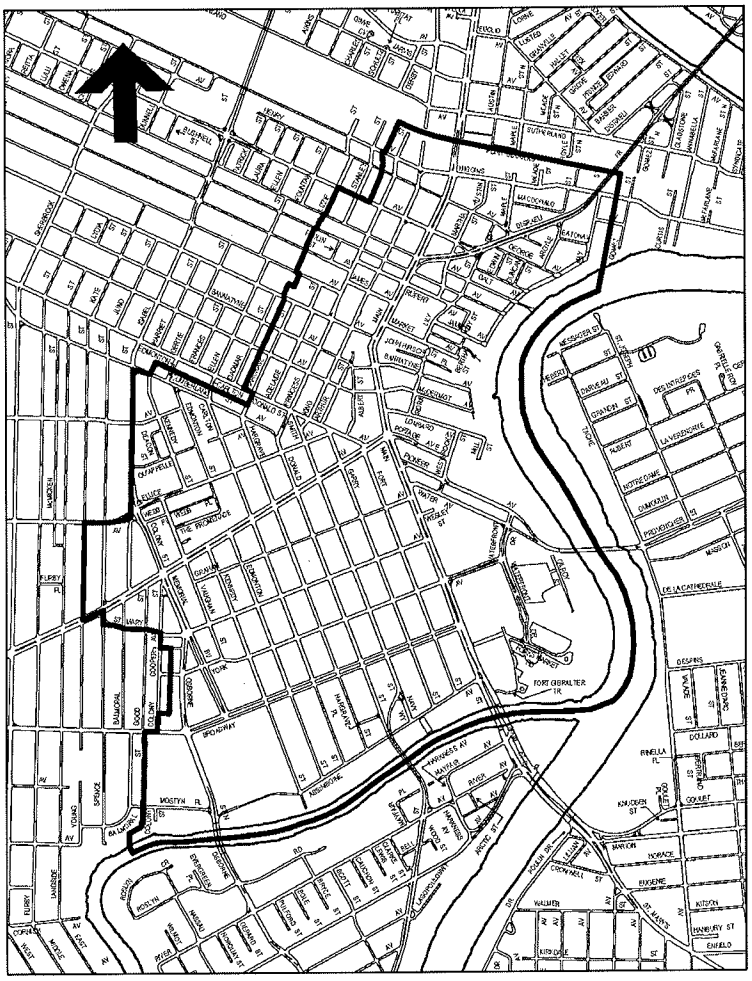

Figure 1: Downtown Winnipeg (City of Winnipeg Bylaw 4800/88)

1.5 Organisation of the Thesis

Chapter One provides an introduction to the thesis itself, including the purpose and objectives, problem statement, as well as any biases and limitations to the research.

Chapter Two provides context to the research, through an examination of historical trends in urban development in Winnipeg as well as a brief critique of downtown revitalisation strategies and initiatives.

Chapter Three provides the main literature review of the thesis. It examines current literature related to downtown revitalisation strategies, particularly with regard to the role that housing plays in the revitalisation process. The literature review begins with a discussion of the evolving role of downtown, from regional destination to niche community. A discussion of the role of housing in the revitalisation process follows, with conventional market analyses identifying the strengths and weaknesses of the current approach. An examination of strategies designed to encourage the development of downtown housing concludes the literature review.

Chapter Four discusses how information will be obtained from potential niche housing markets through focus group research, and information on conducting qualitative interviewing techniques to be undertaken with housing developers. Chapters Five and Six discuss the results obtained through empirical research.

Chapter Seven concludes by synthesizing the findings of the literature review with the results of the focus group and interview data, providing insight into the role of housing in

the downtown revitalisation process and the role of niche markets within this process. The chapter concludes by offering recommendations and potential strategies for both housing developers and decision-makers to pursue in order to achieve a housing-based downtown revitalisation strategy.

1.6 Chapter Summary

This chapter has discussed the context, framework and organisation of this thesis, in order to provide the reader with an indication of the scope, objectives and general approach of this study.

2.0 A Brief History of Urban Development in Winnipeg

2.1 The context: origins of downtown Winnipeg

Almost from its inception, downtown Winnipeg has faced a series of challenges that have served to undermine its natural role as a regional anchor. Understanding these challenges is necessary in order to find appropriate solutions. This chapter will provide a brief history of downtown development issues and revitalisation strategies in Winnipeg, in order to provide the context necessary for further study.

The origins of downtown Winnipeg can generally be traced to an area known as the Forks, located at the confluence of the Red and Assiniboine Rivers. For thousands of years native people, European explorers and traders were drawn to the Forks – the hub of the water transport routes to the Pembina country in the south, the plains to the west, and Lake Winnipeg and its adjoining river systems offering access to the east and north (Lyon and Fenton 1984, 6). Aboriginal peoples from across the North American plains came to the Forks to trade, to hunt, to fish and to celebrate (Williams 1994, 1). The earliest European presence at the Forks is generally attributed to La Verendrye, who built what would become the first of many forts located near the Forks in 1738. While initially a centre of commerce, the role of the Forks evolved over time to include social and administrative functions for the many river lot settlements located along the Red, Assiniboine and Seine rivers. In 1812, Scottish and Irish settlers sponsored by Lord Selkirk established the first permanent European settlement on a peninsula named Point Douglas, two kilometres north of the Forks where the North West Company had established Fort Gibraltar two years earlier. By 1835 settlements had evolved north and

south of the Forks along the Red River, west along the Assiniboine and eastward from the Red along the Seine River. According to Lyon and Fenton, the settlement was essentially rural in nature and tended to cluster according to ethnic origin and cultural group (Lyon and Fenton 1984, 8). Urban sprawl was almost a foregone conclusion due to the dispersed nature of the river lot system of land settlement.

In 1821 the Hudson's Bay Company and North West Company merged, forming a monopoly over trade in the Red River district. The commercial and administrative centre of the community became established at Fort Garry near the Forks. However, a movement to break the HBC's monopoly was centred in the vicinity of the present intersection of Portage and Main, approximately one kilometre north of Fort Garry. The HBC retained a Reserve of land around the upper fort, while the commercial centre of downtown Winnipeg shifted north to Portage and Main.

The arrival of the Canadian Pacific Railway in 1881 confirmed Winnipeg's role as a regional centre, as the city's wholesaling and distribution activities expanded to help settle the prairies. A land boom ensued, lasting for 16 months, during which the population of the city more than doubled to over 20,000. According to Lyon and Fenton, "the combination of skyrocketing land prices and population growth reinforced the already strong tendency for urban sprawl – a tendency which became a reoccurring feature of Winnipeg's development history" (Lyon and Fenton 1984, 12).

Competition between the HBC and the free merchants continued after Confederation, although by now the competition focused on developing the extensive landholdings both groups possessed. Lyon and Fenton note that each group attempted to lure appropriate

developments that would raise the value of their remaining landholdings (Lyon and Fenton 1984, 12). The free merchants won a significant victory with the establishment in 1881 of the Canadian Pacific Railway main line through Point Douglas rather than through the HBC Reserve lands at the Forks, and the commercial focus of the settlement continued to shift northwards.

Lyon and Fenton characterise the Pre-World War I period as critical in terms of urban development. Between 1901 and 1911 the city's population increased by 221%, from 42,340 to 136,035. The economy of the city diversified to include significant manufacturing and financial services components, in addition to established areas of agriculture and distribution. Lyon and Fenton argue that during this period,

> (the) functional areas of the city essentially were set . . . the core had become just one component of a more diverse and dispersed urban structure. While the focus of commercial development and redevelopment remained on the downtown, residential development had started to become a suburban phenomenon (Lyon and Fenton 1984, 12).

Some of these residential developments were adjacent to existing developments, but others were not. As well, commercial and retail developments continued to move westward along Portage Avenue, away from the traditional retail environment of Main Street. The reasons for the shift in residential and commercial development are familiar – improvements in transportation infrastructure (roads, bridges, and a streetcar service), larger suburban lots and cheaper suburban land values and taxes, and the allure of cheap, undeveloped land. Lyon and Fenton note that the old Red River parishes from the pre-Confederation era were being physically joined in an urban structure. Interestingly, the period from 1901 to 1911 was the last decade in which 'City' growth would match or exceed 'suburban' growth (Lyon and Fenton 1984, 16).

Compared to the years before World War I, the years following were characterised by consolidation and loss. Winnipeg's role as the regional administrative and distribution headquarters diminished as outlying centres assumed increased responsibilities. When the economy rebounded in the immediate post-war period, new construction "chose a path of least resistance" and focused on suburban expansion rather than infill development (Lyon and Fenton 1984, 18).

The post-war period confirmed existing trends in terms of physical development. Population expansion and development increasingly occurred in the suburban municipalities rather than in the City of Winnipeg proper. As Lyon and Fenton note, the population of pre-Unicity Winnipeg has consistently declined since 1961 (Lyon and Fenton 1984, 19). However, plans formulated by the Metropolitan Corporation of Greater Winnipeg to address the decline of downtown Winnipeg were based on projections of tremendous population growth. This growth could be captured downtown and be the catalyst for redevelopment. Unfortunately, this growth did not occur and downtown Winnipeg continued to stagnate.

In 1971 the unified City of Winnipeg was created through the amalgamation of the City with twelve adjacent municipalities creating a single political, planning and administrative body for the metropolitan region. Lyon and Fenton note that Unicity could have provided the vehicle to reverse the decline of downtown Winnipeg. Instead, population decline accelerated with the introduction of Unicity. Decentralisation and urban sprawl intensified due to city council policies favouring the rapid approval of new residential subdivisions, new regional shopping centres, and numerous suburban high-rise apartment units and townhouses (Lyon and Fenton 1984, 54).

Lyon and Fenton argue that residential development and downtown development issues in Winnipeg are fundamentally linked. In the earliest stages of development, residential and commercial developments downtown were interspersed. For a number of reasons the planning philosophy evolved such that the separation of land uses (commercial, residential, and industrial) became increasingly popular. Only in recent years have 'mixed-use' developments provided an alternative to conventional land use planning. According to Lyon and Fenton, urban sprawl in Winnipeg has

> (removed) an essential element of downtown vitality by dispersing population concentration away from the centre of the city. The dispersal of the population has contributed to the development of community (amenities) which replace attraction to the downtown (Lyon and Fenton 1984, 22).

Lyon and Fenton note that residential deterioration in downtown Winnipeg occurred for a number of reasons, including the introduction of incompatible land uses, inadequate construction and maintenance, and high densities as 'temporary' remedies to boom period housing shortages. This deterioration has accelerated urban sprawl by creating demand for residential development in more economically stable suburban neighbourhoods.

2.2 Downtown revitalisation initiatives in Winnipeg

Downtown decline is not a recent trend in Winnipeg. As early as 1911, the Winnipeg City Planning Commission noted that a number of planning problems were apparent in downtown Winnipeg, such as the lack of parks and squares and concerns over building heights and densities. After 25 years of decline following World War I, the Metropolitan Planning Committee and Winnipeg Town Planning Commission noted in 1948 that the 'destructive' decentralisation of the essential functions of the core had to be forestalled (Lyon and Fenton 1984, 87). However, it would take nearly a decade before plans were prepared to address this decline with proposals for downtown revitalisation.

2.2.1 City of Winnipeg Urban Renewal Schemes

The history of downtown revitalisation in Winnipeg can be traced roughly to the Urban Renewal and Rehabilitation Board, appointed by Winnipeg city council in 1958. This initiative of the City coincided with interest by the Government of Canada and Province of Manitoba as urban issues began to receive the attention of both policymakers and the public. By 1961 the Board had produced six studies focusing on housing and potential areas for urban renewal in Winnipeg (Lyon and Fenton 1984, 69). These studies evolved into plans for districts known as Urban Renewal Areas Numbers 1 through 3. Two of these districts, Urban Renewal Area No. 1 (the Lord Selkirk Park redevelopment) and Urban Renewal Area No. 2 (the former Midland Railway site bounded by the CPR yards, Notre Dame Avenue, Main Street and Arlington Street) were located beyond the boundaries of downtown Winnipeg. Urban Renewal Area No. 3 was proposed for the Point Douglas district, east of City Hall and bisected in 1960 by the Disraeli Freeway.

These studies and the projects that followed were funded in various ways by all three levels of government.

Approaches to neighbourhood revitalisation evolved during the implementation of these projects. For example, Urban Renewal Area No. 1 which began in 1962 was envisioned more as a slum clearance program, not a comprehensive redevelopment effort (Lyon and Fenton 1984, 70). Studies on Urban Renewal Area No. 2 began in 1965 and plans were underway by 1970 to transfer land from the Midland Railway to the Manitoba Housing and Renewal Corporation.

Planning for Urban Renewal Area No.3, the lone downtown renewal area, was commissioned in 1966, jointly financed by the City of Winnipeg (25%), the Province of Manitoba (25%), and the federal Central Mortgage and Housing Corporation (50%) (Co-ordinating Architects and Planners 1969, 1). The plan was complete by 1969. Urban Renewal Area No.3 included all the lands bounded by Main Street to the west, the Canadian Pacific Railway line (immediately north of Higgins Avenue) to the north, and the Red River to the east and south. The study characterised the need for redevelopment in the following manner:

> The coming of the railroad in 1882 marked the beginning of development of the character and function of Area #3 that is still apparent today. The railway brought with it the Ogilvie Flour Mills and other large warehouse uses which resulted in the gradual removal of high-class residential uses from the area . . .This encroachment by industrial and warehousing uses, with its accompanying noise, smoke and smells prevented the residential growth of the area to a point where it could support the desirable community facilities, e.g. parks, schools, clinics, etc. . . . This has placed a certain blighting influence on existing pockets of residential uses in Area #3 and the result is that the area is now regarded as an inferior residential location. This problem has been compounded in recent years since bad dwellings have not been removed and replaced with something better (Co-ordinating Architects and Planners 1969, 8).

The first phase of redeveloping Area No.3 included the "City of Winnipeg Cultural Centre Renewal Scheme," a plan that included a concert hall, museum, planetarium and theatre. The Centennial Centre was established on Main Street directly opposite from the new City Hall and Public Safety Building (constructed 1964-66). However, due to a change in federal government policy, no further action was taken regarding Urban Renewal Area No.3.

By 1973, the federal Neighbourhood Improvement Program was announced with a focus on rehabilitation and conservation. Rather than utilising the tools of 'demolition and reconstruction' associated with previous approaches, the NIP was designed to upgrade local services and community facilities, and to encourage citizen participation in neighbourhood development (Lyon and Fenton 1984, 77). Funds continued to be directed into housing projects in the North Point Douglas neighbourhood, although on a much more modest scale than previously. NIPs continued in various forms throughout the 1970s, ultimately expiring around 1980. Federal funds continued to be spent on inner city Winnipeg through the subsequent Core Area Initiative, which placed a greater emphasis on downtown revitalisation.

2.2.2 Winnipeg Core Area Initiative

The Winnipeg Core Area Initiative represents perhaps the most comprehensive and sustained effort towards reversing downtown and inner city decline in this city. The Initiative began in 1981 with a $96 million budget (with equal contributions from the federal, provincial and municipal governments) to be spent over the following five years. The program was ultimately extended in 1986 for a further six years, with an additional

$100 million budget committed to the "physical, economic and social revitalisation of Winnipeg's core area" (Winnipeg Core Area Initiative 1992, 1).

Rather than focusing exclusively on large-scale land assembly and redevelopment projects, the CAI provided a broad approach to inner-city revitalisation, based on the following objectives:

- stimulate economic growth and employment opportunities in the core area;
- encourage industrial, commercial and residential development and revitalise the core area's physical and social environment; and
- facilitate the effective social and economic participation of inner city residents in development opportunities (Winnipeg Core Area Initiative 1992, 11).

The mandate area of the CAI included a number of inner city neighbourhoods far beyond the boundaries of downtown Winnipeg. A significant portion of the total budget was spent outside of downtown Winnipeg, particularly in program areas of employment and training, housing, and industrial and small business development. However, the following downtown revitalisation programs received support through the CAI:

- Historic Winnipeg/Exchange District redevelopment: $10.6 million
- North Portage/Ellice Revitalisation: $16.2 million
- CN East Yards redevelopment: $31.9 million
- Riverbank enhancement: $6.2 million

As well, $23.4 million was spent on Housing, with a considerable portion spent downtown. The remaining funds were spent primarily on community facilities and services, employment and economic development initiatives outside of the downtown. The Core Area Initiative created self-sustaining organisations which continue to this day,

including the North Portage Development Corporation and the Forks Renewal Corporation. The activities of these organisations, which were responsible for the bulk of the CAI's downtown revitalisation initiatives, are discussed below.

2.2.2.1 North Portage Development Corporation

The North Portage renewal program represents arguably the single most expensive revitalisation initiative ever carried out in downtown Winnipeg. Although the state of downtown decline had been a concern to policymakers for some time, the development proposal was triggered in 1981 by a Winnipeg Core Area Initiative program designating the area within Portage Avenue, Balmoral Street and Notre Dame Avenue the "North of Portage Redevelopment area." According to Damas and Smith (a local consulting firm involved with the project), the concept arose from a lengthy series of downtown policies and plans prompted in response to the slum clearance-style urban renewal programs of the 1960s, rather than a comprehensive and functional response to core area issues (Damas and Smith 1983, 1).

In 1983 the three levels of government established a tri-level North Portage Administrative Task Force charged with recommending a specific course of action (North Portage Development Corporation 1983, 9). Recommendations of the Task Force led to the creation of the North Portage Development Corporation soon after. The Corporation was required to submit a Final Concept and Financial Plan within 100 days of its establishment, placing tremendous pressures on the newly formed corporation. However, the Board of the Corporation was "able to reach conclusions . . . with respect to the acquisition of land, the type and scale of components to be developed, and the

financial feasibility of the Corporation's mandate" (North Portage Development Corporation 1983, 9).

According to the Concept and Financial Plan, the Corporation "is to assemble and prepare the land required, improve roadways and other municipal infrastructure components, construct 1500 off-street parking stalls, and construct weather-protected walkways and such other enclosed public amenity spaces as a mall, conservatory or galleria" (North Portage Development Corporation 1983, 11). In addition, the private sector was expected to develop:

- approximately 200,000 square feet of retail and commercial space;
- approximately 1300 residential units;
- 200,000 square feet of office space;
- a major hotel,
- an urban village achieved through the closure of Vaughan Street and Webb Place; and
- a Union Centre (North Portage Development Corporation 1983, 12).

As well, institutional and public sector projects to be constructed within the North Portage mandate area included the National Research Centre/Science Place Canada, a fitness centre in conjunction with a redeveloped YMCA, and a Royal Winnipeg Ballet facility.

According to the Final Concept and Financial Plan, a mixed-use approach was chosen as non-retail components "were viewed as strong contributors to the success of the retail component. In addition, the presence of a substantial residential development of high quality was seen as a particularly effective means of stabilising and enhancing the

environment for retail development" (North Portage Development Corporation 1983, 18). It is interesting to note that at the time, one of the arguments for including housing in the redevelopment project was that a shortage of rental accommodation existed, with vacancy rates below one percent – very similar to the situation today. When considering what type of housing to provide, the NPDC relied on information supplied by the Canada Mortgage and Housing Corporation, private developers, the Core Area Initiative office and the Central Park/North of Portage Neighbourhood Council. With regard to housing development, the NPDC noted:

> The creation of a clean, safe, attractive environment through the construction of other components of the development plan, improvement of streetscapes, and the provision of amenities including green spaces, are all viewed as strongly positive contributing factors. In order to help ensure that the residential and other development components are complementary to each other, it is essential that the proposed rental housing should be aimed at middle to upper middle income brackets. The housing in the south of Ellice area should not be designed to attract a large number of families with school-age children (North Portage Development Corporation 1983, 19).

In addition to seeking upper-income earners, the NPDC actively targeted the seniors housing market. Design of the housing units would take into account the feasibility of converting these rental units into condominium units over the long term.

The Corporation noted that "a key requirement for successful downtown revitalisation is good access" (North Portage Development Corporation 1983, 25). Parking was considered critical to the success of the redevelopment, with 1500 off-street stalls considered an appropriate amount. While the Final Concept and Financial Plan noted that accessibility depends on a judicious balance of strategies designed to enhance public transit services and to provide for easy access by automobile (North Portage

Development Corporation 1983, 25), the infrastructure committed to servicing transit included only two heated bus shelters, poorly maintained and visually unappealing.

The Corporation attempted to position the redevelopment project as a regional destination, capable of competing with suburban malls. In justifying the overwhelming expenditure on parking facilities, the Corporation noted that:

> Given that tourists and suburban residents are less inclined to use transit than central city residents, downtown projects which seek to serve such markets must have convenient parking available. Moreover, in order to compete effectively with suburban centres, downtown parking must be inexpensive and have a rate structure that favours retailing . . . (North Portage Development Corporation 1983, 25).

Unfortunately, while the North Portage Development Corporation recognised the value of housing and mixed-use developments in general, their approach in terms of the market was more suburban than urban. Instead of emphasising pedestrian accessibility, they emphasised access via automobiles. Rather than targeting housing projects to students, artists, and other creative communities, they targeted seniors and upper-income earners. Unfortunately the rental housing project, known as Place Promenade, has struggled financially since its construction and has declared bankruptcy in the past. The project is financially stable today and maintains a low vacancy rate, thanks in part to a significant portion of the project's debt being written off. The senior's life-lease project is more stable. While the project has succeeded in generating activity downtown, it is questionable whether the money invested in the project provided a good return to the public and achieved the desired public policy goals. Likely, a different approach could have produced better results, both in terms of downtown revitalisation and the bottom line. The North Portage Development Corporation is an interesting example of a downtown redevelopment project, rather than a downtown revitalisation program.

2.2.2.2 The Forks

The Forks, where the Red and Assiniboine Rivers meet, has long been the symbolic if not the functional centre of the city. As well, The Forks has been most recently the site of an ambitious downtown revitalisation initiative, similar in scale to North Portage. As noted earlier, people from surrounding areas came to The Forks for thousands of years to meet, to trade, and to celebrate. Due to its key location as a transportation hub, the character of the site has, in recent history, been determined by transportation technologies. During the fur trade period the Hudson's Bay Company owned much of the land. This low, flood-prone land was often referred to as the Hudson Bay Flats. In 1860 steamboats were common along the Red River, bringing immigrants from around the world. By 1872, the Canadian government built two immigration sheds in response to the overwhelming numbers of immigrants arriving due to Manitoba's entrance into Confederation. A large shantytown developed on the site, which became home to approximately 2000 residents despite being wiped out and rebuilt as a result of the flood of 1882. The site maintained a generally industrial character, due to its proximity to the river and riverboat transportation technologies. When the first steam locomotive arrived on the Prairies in 1877, the Forks became a transhipment point for rail and steamboat. The area was cleared of houses and commercial establishments in 1888 for what was later known as the East Yards (Williams 1994, 27). Between 1908 and 1911, Union Station was constructed by the Canadian Northern Railway at the former intersection of Main Street and Broadway, entrenching the industrial nature of the site and removing the symbolic heart of the city from public access. As well, construction of Union Station blocked access to the bridge to St. Boniface, necessitating the relocation of the bridge and roadway and alienating a significant portion of a neighbouring municipality. The rail

yards would continue to operate for over sixty years, until more modern facilities were constructed in suburban locations. Out of these circumstances arose the opportunity to redevelop this strategic site.

In 1986, the East Yard Task Force was established under the initial Core Area Initiative Agreement to "complete preliminary steps leading to a major redevelopment of the CN East Yard railway area" (Winnipeg Core Area Initiative 1986, i). The Task Force recommended six objectives, as follows:

1. stimulate redevelopment of this historic and scenic area through a mix of historical, recreational, cultural, residential and commercial uses that replace the present rail activity;

2. stimulate specific components that attract people to the Forks' riverfront areas on a year-round basis, and that enhance tourist and recreational activity for Winnipeg and Manitoba;

3. encourage developments in the East Yard that complement existing activities and initiatives in the remainder of downtown Winnipeg;

4. encourage effective co-ordination of the redevelopment to be carried out by the various public sector parties who will retain land in the East Yard;

5. establish a tripartite public development agency which will own and develop certain portions of the East Yard and which will operate in accordance with a concept and financial plan approved by its three government shareholders;

6. encourage the participation of the private sector in the East Yard projects to complement public initiatives and to stimulate new private investment critical to the future viability of the overall redevelopment (Winnipeg Core Area Initiative 1986, i).

A Preliminary Concept Plan was provided through the Unanimous Shareholder agreement of July 29, 1987 with a *Phase I Concept and Financial Plan* required by November 12, 1987. According to the Plan, public consultation at the time confirmed that development at The Forks should include "recreation, historical and cultural, residential, and institutional and supportive commercial uses" – a mixed-use

development based on the adoption of a "Meeting Place" theme. After a reasonable period of time The Forks was expected to become financially self-sufficient (Forks Renewal Corporation 1987, 23).

Residential development at The Forks was recognised from the outset to be a critical factor in the success of the site and its contribution to downtown revitalisation. In the Phase I Concept and Financial Plan, the Board of the Forks Renewal Corporation noted "that development of additional downtown housing remains feasible and desirable in Winnipeg, and that such development will enhance the viability, vitality, attractiveness and year-round public use of The Forks so long as appropriate guidelines are established by the Corporation as to the location, density, height and ground level use of housing sites (Forks Renewal Corporation 1987, 24). It was determined at the time through interviews with developers that the site could support between 500 and 1100 residential units over the first five years, and that a desirable density would be approximately 80 units per acre. Design guidelines placed on these projects would ensure, among other things, that ground-level access would be protected in riverfront areas, that key vistas be enhanced, and that housing would be integrated throughout the site rather than emerge through single-purpose housing precincts (Forks Renewal Corporation 1987, 25).

The Board recognized that residential development at The Forks would contribute to a "vibrant and lively, public, urban waterfront." Initially, low to medium density condominiums and apartments were intended to be developed near the riverfront, with residential development closer to the central areas of the site developed during Phase II. Housing projects would be marketed broadly to the public, and include condominium

units, seniors housing (including both life lease and care facilities), market rental housing and affordable housing units (possibly through the creation of housing co-ops or through other government assistance). In addition to residential projects, other projects proposed during Phase I include:

- Recreation: all-season leisure centre, Assiniboine Riverfront Quay/Port, and a Red River marina;
- Historical and Cultural: archaeological developments, historical/cultural interpretive facilities, a multicultural centre and an Aboriginal centre;
- Institutional and Supportive Commercial: in addition to "office and other commercial uses, including specialty or discount retail uses" to be developed on lands retained by CN, commercially-oriented projects proposed during Phase I include hotel facilities, a Public Market, the redevelopment for commercial purposes of the rail bridge, redevelopment of the Johnston Terminal building (for office, hotel or residential uses), as well as other commercial/office uses.

While the public generally perceives The Forks as a success, it has fulfilled few of its original goals and has not generally contributed to the revitalisation of downtown Winnipeg. In fact, many have argued that The Forks has redirected investment away from established downtown districts and exacerbated their decline. Public sector and institutional projects have generally succeeded, at the expense of The Exchange District in particular. Many current tenants, including the Manitoba Children's Museum, the Manitoba Theatre for Young People, and the A Channel television network relocated to The Forks from The Exchange. Even the public market had originally been proposed for Old Market Square in the Exchange District before being established as The Forks Market.

Residential construction, which was critical to the evolution of The Forks as a true mixed-use development, never materialised for a number of reasons. Elsewhere in the downtown a significant number of housing units were being constructed as part of the North Portage redevelopment and the nearby Fort Garry Place development. Although this residential development was occurring at a time of (relatively) significant population growth in Winnipeg, the market could not absorb any additional units at that time. This period of economic and population growth was followed by a severe recession, the effects of which lingered for some time.

While development opportunities stalled during this time, programming and special events attracted people to The Forks. Canada Day and New Year's Eve celebrations were popular in the earlier days, with more ambitious events to come including the Western Canada Summer Games (1990) and the Pan Am Games (1999) bringing cultural events to the site. These public events and the infrastructure they left as a part of their legacy helped to establish the perception of public 'ownership' of the site, and the sense that The Forks was first and foremost a public open space for recreation and special events. As the economy recovered, developers and Forks management showed a renewed interest in bringing commercial projects to the site, including residential development. The first residential project, consisting of condominiums geared to those 55 years of age and up, was proposed for a central location near York Avenue and Pioneer Boulevard (now Waterfront Drive). Public sentiment at the time expressed concern that private uses on the site (such as residential) would negatively impact public events, including festivals and concerts. The project was later defeated by City Council. When residential development was proposed as a possible land use during public

consultations for the "Phase III" development plan in 2001, there was little public support for the concept. Although management of The Forks continues to recognise the value to the site (and to downtown in general) of residential uses and supportive commercial development, there is little political will to pursue opportunities in those areas.

In conclusion, The Forks has contributed to the sprawl of downtown, added to the land base and redistributed existing assets over a larger geographic area without developing any new attractions. Although The Forks has established itself as a prominent and desirable location in the minds of most citizens, it is difficult to argue that development at The Forks has contributed to the revitalisation of downtown Winnipeg.

2.2.3 CentreVenture Development Corporation

During the 1990s, a severe economic recession combined with a re-evaluation of the role of government resulted in the withdrawal of government participation in large-scale downtown revitalisation initiatives. Towards the end of the decade however downtown decline had once again become a political issue in the minds of many citizens. To address this decline, the City of Winnipeg created CentreVenture Development Corporation in May of 1999 to "provide leadership in creating and sustaining business opportunities and economic growth in downtown Winnipeg" (www.centreventure.com, February 17, 2003). As with previous revitalisation initiatives, financial assistance was obtained from a senior level of government (in this case the Province of Manitoba).

The mandate of CentreVenture – Winnipeg's "Downtown Development Authority" – is to "lead and encourage business investment and development downtown, and to enhance

the use of heritage buildings and land in the downtown area [in order to] achieve the economic, physical and social revitalization of downtown Winnipeg." The strategy involves creating a development bank (consisting of assets obtained from the City of Winnipeg) as well as providing gap financing and loan guarantees to redevelop physical assets. As well, CentreVenture now manages the City of Winnipeg's Heritage Tax Credit program, which provides property tax credits for owners of designated heritage buildings downtown to stimulate capital investment. Public-private partnerships are utilised to "build on the expertise and innovation of the private sector and the political leadership and policy development capability of the public sector" (www.centreventure.com, February 17, 2003). As well, CentreVenture was intended to "provide leadership in planning, development, coordination and implementation of projects and activities in the downtown."

To date, CentreVenture has been involved in a number of revitalisation initiatives including Waterfront Drive, the Provencher Pedestrian Bridge, the Mountain Equipment Co-op redevelopment, and numerous smaller projects. In terms of promoting housing downtown, CentreVenture petitioned the City to amend the bylaw allowing residential as a permitted use throughout the downtown (CentreVenture Development Corporation 2002, 11). Using Heritage Tax Credits, CentreVenture has facilitated the residential conversion of the Princess Atelier building on Princess Street, as well as the planned conversion of the Lindsay Building.

At this early stage it is difficult to gauge the success of CentreVenture. The corporation has not been provided with the resources needed to undertake the tremendous responsibilities identified in their mandate. The corporation, charged with the authority to

"enhance the use of heritage buildings" has demonstrated a propensity to demolish those structures it is empowered to protect, without a redevelopment plan in place. At this point in time it is difficult to determine whether CentreVenture has resulted in a greater increase in the amount of building stock or future redevelopment sites. Perhaps more success could be achieved if a single agency were to have responsibility for both the planning of a downtown revitalisation strategy as well as the implementation, rather than sharing those responsibilities between CentreVenture and the municipal planning department.

2.3 Chapter Summary

Almost from the outset, downtown Winnipeg has faced significant challenges. A pattern of urban sprawl, beginning with the establishment of ethnically based communities oriented towards the rivers, has become the defining characteristic of development in the Winnipeg region. The sprawling urban structure of Winnipeg was facilitated by the availability of accessible and affordable land, as well as competition between rival land developers. Early downtown residential neighbourhoods were threatened by the introduction of incompatible land uses, resulting in policies which continue to this day to segregate land uses.

The issue of downtown decline became more prominent in the years following World War II, with new political structures created to address this issue. Unfortunately, structures such as Unicity exacerbated the problem, leading to increased rates of decentralisation and suburban development. While downtown redevelopment programs such as the Neighbourhood Improvement Program, the Winnipeg Core Area Initiative

and CentreVenture Development Corporation have achieved various degrees of success, they have not succeeded in addressing the root causes of downtown decline in Winnipeg. Clearly, a new approach to downtown revitalisation is needed, one which abandons the destination-oriented role of a typical redevelopment megaproject in favour of the development of a sustainable and relevant role and identity for the downtown, setting the agenda for urban development rather than merely responding.

3.0 THE ROLE OF HOUSING IN THE DOWNTOWN REVITALISATION PROCESS: THEORY AND PRECEDENT

3.1 Introduction

This chapter will examine the relationship between housing and the downtown revitalisation process. Included in this review will be literature discussing conventional revitalisation approaches and the evolving role of downtown, the role of housing in the downtown revitalisation process, and techniques and policies used to encourage the development of new housing units downtown. Finally, this chapter will review relevant case studies where housing was designed to stimulate the downtown revitalisation process.

3.2 Encouraging a 'niche' approach to downtown revitalisation (the failure of the conventional redevelopment approach)

As indicated in the previous chapter, downtown redevelopment initiatives in Winnipeg have often focused on large-scale redevelopment projects which attempt to draw suburban residents downtown to regional destinations. As the following chapter suggests, this approach has not generally proven successful. The literature cited in this chapter will attempt to reinforce this argument and provide support for a housing-based approach to downtown revitalisation.

In his article entitled "Reinventing the Central City as a Place to Live and Work," Mitchell Moss attacks traditional planning approaches which attempt to reinforce downtown as a 'destination' for suburban commuters through the physical development of large scale

redevelopment projects (or megaprojects). Instead, Moss argues that in light of the rise of non-traditional households and the growth of self-employment and small businesses, cities must adopt policies which encourage their evolution into attractive places in which to live and work (Moss 1997, 471).

In his criticism of current downtown revitalisation theory, Moss writes in favour of a housing-based approach to downtown revitalisation through challenging the conventional wisdom that urban development policy should build on private sector interest in real estate and the power of special attractions to lure visitors to cities (Moss 1997, 474). According to Moss, historically central cities have attempted to revitalise themselves by building new facilities for visitors (i.e. suburban commuters and tourists) and developing a housing policy to attract residents from suburban neighbourhoods (Moss 1997, 471). Moss argues that emerging demographic and cultural trends (namely the rise of non-traditional households, changes in the structure of business organisations and technological advances) provide new opportunities for cities to retain and attract middle-income households (Moss 1997, 471). In light of these trends, downtowns are ideally positioned to revitalise themselves if they can capture these emerging markets.

Moss notes that three trends have dominated approaches to downtown revitalisation over the past three decades: a renewal of older neighbourhoods through attracting suburban middle-class renters; the development of 'special activity generators' such as convention centres, arenas and stadiums; and a typical strategy which includes pedestrianisation, the development of shopping centres, and office buildings (Moss 1997, 472). Moss is particularly critical of the role that large infrastructure development, including sports facilities, office and retail megaprojects play in the downtown

revitalisation program. Often, demand for additional office and retail space does not reflect local conditions and may actually accentuate the problem. With regard to the development of sports facilities, Moss (quoting Rosentraub 1997) notes that:

> Even successful downtown baseball stadiums do not necessarily contribute to the overall economic and social conditions of a city. Many municipal governments act as if sports facilities are critical to urban economic development, but substantial evidence shows that sports is not an economic engine, that it will not generate a great number of jobs, and that it will not revitalise a city's economy. Even in cities that advertise themselves as 'entertainment centres,' sports spending and related spending at hotels and restaurants are never the largest component of their economy (Moss 1997, 472).

In their article entitled "Housing Strategies for Downtown Revitalisation in Mid-Size Cities: A City of Kitchener Feasibility Study," Trudi Bunting and Pierre Filion counter conventional approaches to downtown redevelopment in favour of exploring the feasibility of a housing-based strategy as a revitalisation instrument for the central business district of Kitchener, Ontario. Kitchener, a city of approximately 200,000 citizens, is a typical Canadian mid-sized city. Like Winnipeg, Regina, Saint John, Sudbury, Trois-Riviéres and other mid-size cities, Bunting notes that Kitchener has 'experienced severe retail decline" – the most prominent indicator of downtown decay. While Winnipeg does not obviously fit into the same category due to a larger population base, there are a number of similarities that make Bunting and Filion's research appropriate when considering potential approaches to revitalising downtown Winnipeg. These similarities include:

- The relative ease of access across the entire city, which prevents any locational advantage to centrally concentrated development downtown;
- The lack of sufficient concentrations of activity to sustain efficient transit systems, ensuring that contemporary development must accommodate itself to widespread auto use and auto-friendly suburban locations;

- A stagnant or declining core area employment base (Bunting and Filion 2000, 147).

Bunting notes that until recently, it was "widely assumed that the keys to downtown revitalisation lay in large-scale, CBD-focused commercial and business development, complemented with smaller scale improvement projects" (Bunting and Filion 2000, 146). Winnipeg has certainly embraced this approach in the past, having undertaken publicly-sponsored megaprojects such as Portage Place and the North Portage redevelopment, the Winnipeg Square/Trizec complex, and the Centennial Centre (which includes the Manitoba Museum, Planetarium, and Centennial Concert Hall), and the True North Entertainment Centre. Bunting argues that the 'megaproject' approach has proven unsuccessful, and that it is no longer believed that downtown's salvation is to be found in grandiose redevelopment projects. Rather, a 'more realistic path to improvement' might be found in a series of more modest strategies, specially tailored to the circumstances of individual metropolitan communities. This alternative school of thought sees the downtown's future success lying in its ability to capture niche markets within the metropolitan realm. For example, one of downtown's assured niches is its role as a retail and service centre for surrounding neighbourhoods. According to this thinking, the more populous core neighbourhoods are, the better the CBD will perform economically (Bunting and Filion 2000, 146).

Developing downtown housing is one aspect of a comprehensive 'niche' approach favoured by Bunting. Rather than competing with other suburban centres, downtowns must target markets that can be better accommodated within their territory than in other locations within the metropolitan region. This niche strategy must also include markets for culture and entertainment facilities, as well as tourist and heritage attractions

(Bunting and Filion 2000, 149). While the introduction of large-scale retail, office and mixed-use megaprojects as tools of revitalisation may be successful in the largest metropolitan centres, Bunting argues that because the scale of the market targeted by big-city downtowns is not the same as those suited for smaller, mid-size cities the need for alternative revitalisation strategies becomes even more critical.

Like Winnipeg, Kitchener's downtown continued to decline even though a series of large-scale urban redevelopment projects had been completed. However, in 1995 a Mayor's Task Force recommended focusing on new core area residential development and the preservation of stable neighbourhoods as a means of improving the health of the downtown. Bunting notes that

> This housing-based strategy was rooted in the premise that an infusion of housing could contribute significantly to turning around downtown's decline – the argument being that bringing more people to locales in and around downtown would translate into increased demand for retail goods, entertainment facilities and all kinds of personal and household services (Bunting and Filion 2000, 149).

Retailing in the downtown would shift away from a being a destination for all metropolitan residents, to serving as the 'primary service centre' for downtown residents. Streets would become vibrant as residents walked to their destination, and other household services tailored towards downtown residents (such as dry cleaners and daycares) sprung up. In addition to adding vitality and street life, additional arguments in favour of increasing the downtown resident population include improving personal safety through adding 'eyes on the street,' more efficient use of expensive infrastructure, the reduction of urban sprawl and associated environmental impacts, and increasing the central city tax base in metropolitan regions.

Kent Robertson, writing in "Can Small-City Downtowns Remain Viable? A National Study of Development Issues and Strategies," believes that large and small cities require distinct strategies for downtown revitalisation. Unfortunately, while a significant amount of literature has explored downtown revitalisation strategies for large cities, there is relatively little material relating to small cities. Through a national survey of 57 small cities (defined as possessing a population of between 25,000 and 50,000 residents), Robertson addresses this gap by exploring the assets, problems, and development strategies in small-city downtowns and comparing these to downtowns of large cities (Robertson 1999, 271).

Although Winnipeg does not obviously meet Robertson's criteria for a small city, downtowns examined by Robertson and downtown Winnipeg share a number of similar characteristics (as indicated by Bunting and Filion). Robertson argues that a number of interconnected forces have contributed to downtown decline over the previous forty years. As automobile use became more affordable and widespread and inter-city freeways were constructed, cities became decentralised as traditional downtown functions such as retailing, professional offices and arts/culture venues moved to the suburbs. While Robertson argues that these forces can explain most problems facing small-city downtowns, it is reasonable to suggest that these same forces have had similar effects on downtown Winnipeg.

In his survey of 57 cities, Robertson asked respondents to rate 13 problems previously identified in a literature review. The most severe problem facing small-city downtowns lies in their ability to attract new development. This problem results from a number of factors, including suburban-oriented commercial developers, a lack of confidence in the

future of downtowns, and the inadequate market size of most small-city downtowns.

Other problems facing downtown (in order of severity) include:

- Attracting people downtown evenings/weekends. Unlike larger downtowns that often possess an active nightlife, small-city downtowns usually do not include the types of attractions that generate activity beyond traditional weekday business hours (Robertson 1999, 274);
- Competition from discount stores, big box retailers and/or suburban malls;
- Vacant/underused retail space. Robertson refers to the presence of a retail 'white elephant:' "a large, strategically located, vacant building which exerts a potent impact on downtown. The symbolic effect of this large eyesore on a small-city downtown can be overwhelming, as it destroys any semblance of vital street life in the immediate area. Due to the smaller scale of the downtown, the impact is much greater than a similar vacancy in a larger city (Robertson 1999, 275);"
- Parking;
- Shortage of suitable housing;
- Image;
- Vacant/underused office space;
- Preservation of older buildings;
- Unattractive building facades;
- Crime (real or perceived);
- Traffic circulation/congestion;
- Organisation/co-operation of downtown interests.

In terms of revitalisation strategies, Robertson notes that while similar strategies are used in both large and small cities, their implementation, use, and success often differ (Robertson 1999, 275). In the same survey of 57 small cities, revitalisation strategies that reinforce downtown's sense of place were both the most widely used and most likely to have the desired positive impacts. Sense of place strategies include historic preservation, waterfront development, a 'Main Street' retail approach (which ironically is

becoming a popular retail trend in suburban communities), and pedestrianisation improvements.

Robertson groups three strategies (Downtown Housing, Tourism, and Entertainment/Nightlife) into a category entitled Supplemental Downtown Functions. According to Robertson, these strategies were grouped together because these strategies all increase the potential for increasing the volume, distribution, and diversity of downtown visitors, particularly at times other than between 9 and 5 on weekdays. Although these strategies were widely used, they all placed in the lower half of successful strategies. To a certain extent, the fact that downtown managers found these strategies to be unsuccessful contradicts commonly accepted trends and theories in downtown revitalisation.

In terms of frequency of use, downtown housing rated 7th of 16 as a revitalisation strategy with approximately 70% of respondents utilising this approach. However, in terms of success, downtown housing rated 11th of 16, behind 'sense of place' approaches such as the Main Street approach and historic preservation, and also behind large activity generators such as convention centres, waterfront developments, parking facilities, and sports stadiums/arenas. Downtown housing was rated more successful than transit improvements, indoor shopping centres, traffic circulation changes, nightlife/entertainment (which is often used in large cities successfully), and pedestrian malls. However, Downtown Housing was rated second (behind Historic Preservation) as the strategy most likely to be implemented in the next five years.

Robertson concludes, somewhat contradictorily, that the principles for effective downtown development are similar in both large and small cities (Robertson 1999, 280). Robertson's research found that downtown revitalisation strategies employed by cities across North America are broad in scope and application, with a variety of revitalisation initiatives being pursued concurrently rather than focusing on one particular strategy. Despite the fact that small cities have attempted to encourage downtown housing (albeit with little success), they remain convinced of its value in the revitalisation process; developing downtown housing is the second most common strategy cited for upcoming implementation. As a housing based revitalisation strategy is relatively untested (particularly in small cities), more research is needed to evaluate the impact of downtown residents on the revitalisation process. In particular, the role of niche communities requires further examination.

Many of Robertson's findings contradict the foundation of this thesis. This is to be expected, as Robertson's findings represent the status quo in terms of downtown revitalisation theory rather than emerging trends and alternative approaches. At the same time, Robertson indicates that respondents (city managers etc.) are increasingly interested in the role that downtown housing can play in the revitalisation process. Further research into this topic, particularly as it relates to the downtowns of small cities, will offer an alternative to conventional redevelopment approaches commonly undertaken in small cities today.

In conclusion, emerging planning theory as indicated in this literature review indicates that developing a niche approach, namely encouraging the development of housing downtown in small to medium-sized cities, is a viable alternative to conventional

redevelopment strategies which focus on the construction of destination-oriented megaprojects designed to attract tenants and patrons from the suburbs. The question then becomes, who is the market for downtown housing, and how do you encourage the development of this market?

3.3 How to encourage downtown housing development

Encouraging downtown housing development must address a variety of factors, including:

- the identification of potential markets;
- the physical, economic and social conditions which need to exist for downtown housing to succeed.

In order to gain a broader understanding of the downtown housing market in Kitchener, Ontario, Bunting and Filion utilised a telephone survey to gauge demand and develop a market study. This market study would ultimately include over 500 household profiles, roughly split equally between inner-city residents of Kitchener and suburban or exurban residents. Additional focus groups consisting of survey participants and housing developers were utilised. Attempts to identify the market for downtown housing were made, as well as identify obstacles to developing downtown residential units. Through analysis of the telephone surveys, Bunting and Filion arrived at the following conclusions regarding the nature of the market for downtown housing:

Strategy I: Building on Core Neighbourhoods' Advantages

Core neighbourhoods (including both downtown and adjacent residential neighbourhoods) are recognised for their character and sense of identity. They offer an

alternative to the 'blandness' and 'homogeneity' of traditional suburbs, as well as a heavy dependence on the car. Participants also suggested that pedestrian-oriented streetscaping be emphasised, perceived safety issues be addressed, and that attempts to strengthen community life be encouraged. In particular, neighbourhood facilities such as libraries and recreation centres should be enhanced.

Strategy II: Improving Downtown for a Residential Population

Participants identified a number of opportunities to increase the marketability of downtown living. Participants appreciated convenient access to services and activities, but were dissatisfied with the availability of short-term parking. As well, participants were concerned that downtown does not provide a 'welcoming environment' due to the lack of shops and services and the concentration of youth and street people.

In order to make downtown living more desirable, participants suggested that clusters of stores catering to their needs should be developed. In particular, a downtown supermarket was requested.

Strategy III: Marketing the Core

Overcoming negative perceptions regarding safety concerns is critical. The perception that downtown is unsafe generally outweighs any perceived advantages of character etc. A marketing campaign should be developed which emphasises the unique characteristics of downtown living to those who have provided favourable responses.

Strategy IV: Improving the Climate for Developers of Core Area Housing

Most developers have little experience in an urban context, having constructed most of their projects in suburban environments. The City can facilitate housing developments

downtown by assembling an inventory of development sites, waiving development fees, adopting flexible zoning tools, and assembling a land bank of strategic properties (Bunting and Filion 2000, 165).

Bunting concluded that a market exists for housing in downtown Kitchener and adjacent core neighbourhoods. While large, the market is unfortunately soft and represents a number of submarkets. This finding is significant, in that it provides support to the notion of a diverse downtown population as a component of a successful mixed-use community. According to Bunting, the recognition of a housing-based strategy represents an 'about-face' from past approaches to downtown revitalisation, and implies a move towards a new conception of what downtowns should be (Bunting and Filion 2000, 166). The notion that downtowns occupy and serve a niche population rather than functioning as a regional destination for mainstream populations is certainly a departure from previous theory, and represents a significant change in approach for mid-sized cities such as Winnipeg. As noted in Lang, Hughes and Danielson, it is "far better to occupy a well-defined and defensible niche than to face near total irrelevance" (Bunting and Filion 2000, 166).

Further information regarding the nature of the downtown housing market is provided by Moss. He argues that urban development policy must recognise the unique social functions that cities serve and that the character of the city must support or contribute to the development of a subculture or subgroups. This position, based on the work of sociologist Claude Fischer in the mid-1970s, provides a new approach to downtown revitalisation that builds on social, cultural, and technological trends rather than on market forces and local political priorities (Moss 1997, 474). In particular, Moss argues

that urban development strategies for the next century must build on demographic trends, technological forces, and organisational structures rather than focus on physical projects and real estate development. The social forces that drove suburbanisation in the post-war period no longer exist to the same degree. However, the trend towards non-traditional households, live/work spaces and the contracting out of work provides an opportunity for downtowns to capture this market.

Moss has chosen to examine the role of the gay and lesbian community in the United States in order to demonstrate how cities 'serve as meccas for unconventional cultural groups (Moss 1997, 477). Despite institutional discrimination which has existed (and continues to exist) for decades in cities, the gay and lesbian community has flourished to a point where shops, services, and institutions cater to the gay and lesbian market. As Moss points out, gays are the metaphor for the 'non-family-values' approach to urban redevelopment (Moss 1997, 479). By identifying and catering to this niche population, downtowns can reinvent themselves economically, culturally and demographically.

In addition to demographic change, the nature of downtowns is changing due to technological innovation and new patterns of organisational structure that influence job creation and business formation (Moss 1997, 481). The recession of the early 1990s led to business consolidation and downsizing, resulting in layoffs of a scale not seen in decades. Corporations turned to outsourcing as a strategy to reduce overhead and improve flexibility. This trend has resulted in a weakened office market, but a rise in self-employment and the creation of niche firms that provide services that were traditionally performed in-house. These self-employed individuals and niche firms often find it advantageous to live and work in the same space to keep overhead down. As Moss

notes, cities must reconfigure their downtown areas as places to live and work; often the same structures can be used for both purposes (Moss 1997, 483). In many cities, office towers that failed due to a lack of demand are being reborn as residential buildings, often with a substantial live/work component. (In 1996, more than twenty office buildings in Lower Manhattan were being converted to residential or live/work uses). Although new technologies can make operating from remote locations technically feasible, often these individuals and firms locate downtown in close proximity to support services as well as their clients. This trend towards outsourcing and self-employment continues to intensify, and will play a greater role in downtown revitalisation in the future. While it is likely that this trend will continue regardless of the role that civic administrations play, favourable policies can enhance this trend and improve the competitive position of a city. More flexible zoning regulations are one component of a comprehensive revitalisation strategy.

Moss argues that for downtowns to succeed, they must be attractive places to live and work, not just places to visit (Moss 1997, 486). Downtowns provide a tolerant environment for non-traditional lifestyles and are ideally suited to take advantage of the trend towards corporate downsizing and outsourcing. While these trends will continue regardless of any intervention, sound public policy will encourage these trends and help downtowns find the niche where they can survive.

Jennifer Moulton, in her article entitled "Ten Steps to a Living Downtown," discusses the role in which housing contributes to downtown revitalisation and provides insight into the nature of demographic and market trends.

According to Moulton, Director of the City and County of Denver's Community Planning and Development Agency, there are two underlying factors which will stimulate the demand for downtown housing: demographics and a strong economy (Moulton 1999, 8). Although the data cited is obtained from the United States census, it is reasonable to expect that similar trends will be seen in Canada. Between 1990 and 2010, it is projected that the number of households without children will increase by approximately 9%. These households will likely be composed of singles and young couples who are postponing families, as well as empty-nesters from the baby boom generation who may be seeking maintenance-free living or may be working from the home (full-time or part-time) due to the trend towards corporate outsourcing. It is this market which has made the most impact on downtown housing in the United States.

In terms of the economy, a strong economy will encourage the demand for housing because with higher levels of income growth, a higher rate of household formation is possible. With more money, one needs fewer roommates and proportionately more dwelling units are required as the population expands (Moulton 1999, 8). For example, while the U.S. population increased by approximately 10% between 1980 and 1990, the number of housing units increased by almost 16% during that same period.

Moulton argues that public policy can exploit, concentrate and guide economic and demographic trends that favour a move back into the city (Moulton 1999, 9). In particular, public policy can be used to create two 'threshold preconditions' in a downtown that will catalyse the housing market. According to Moulton, the first precondition requires that the physical environment be of a character and quality that people will want to live there (Moulton 1999, 10). In particular, downtowns must be

perceived as comfortable, safe and clean. They must be pedestrian in scale and have clusters of housing that are distinct from retail or other commercial uses. In turn these clusters must be able to evolve into neighbourhoods over time. These clusters must be significant enough in scale to support services aimed at downtown residents including recreation, retail, and other services.

The second precondition requires downtown residences to offer an investment motive for home ownership (Moulton 1999, 11). According to Moulton, every housing purchase is motivated not only by the need for shelter but also by investment considerations. Downtown housing will be stimulated primarily by homeowners, not renters. In most major American cities, investor confidence has increased substantially since the first units were constructed. While a risky proposition initially, downtown housing units have achieved a respectable rate of return and are now seen as a comfortable investment. Public policy must facilitate this type of investment climate if downtown housing is to increase.

Using Denver as a case study, Moulton has identified ten steps to help strengthen the quality of life and market conditions necessary to attract residents downtown. The following steps are not ranked but meant to be pursued concurrently:

1. Housing must be downtown's political and business priority. Moulton argues that having all interests agree on housing as a priority is critical, as competing agendas will dilute the effectiveness of any efforts. The 'logical ripple effect of downtown reinvestment' must be made clear to the public (Moulton 1999, 12).

2. Downtown must be legible. A legible downtown, with distinguishable boundaries, is a critical element of a downtown residential community. Neighbourhoods can be created through concentrations of a particular population, similarity of architecture, or streetscaping projects which can help to define a physical space. Often historic designation helps to define a neighbourhood.

3. Downtown must be accessible. Many American downtowns have suffered due to years of neglect, and infrastructure has deteriorated. Connections between downtown and adjacent neighbourhoods, as well as within downtown must be enhanced for both pedestrians, vehicles, and public transit.

4. Downtown must have new and improved regional amenities. These amenities, whether they are sports or cultural facilities or public amenities (such as libraries or parks), will help attract large numbers of people which help create a sense of habitability.

5. Downtowns must be clean and safe. Downtowns have a reputation of being unkempt or unsafe. For downtown to become a viable residential neighbourhood, cities must be diligent in addressing this misconception.

6. Downtown must preserve and reuse old buildings. These buildings, often used for manufacturing, warehousing, or office space, are often empty and available at very reasonable prices. They provide the skeleton for affordable residential development in centre cities (Moulton 1999, 15). Often these buildings are located in close proximity to one another, providing the basis for a unique neighbourhood.

7. Downtown regulations must be streamlined and support residential growth. Most cities still support policies which separate land use through zoning arrangements. These policies are often no longer relevant and tend to restrict the natural evolution of downtowns. Zoning, building and fire codes need to be addressed and evaluated in light of emerging trends and technologies.

8. City resources should be devoted to housing. Public funds, targeted at strategic projects, can provide the impetus necessary to encourage downtown housing in the early stages. Resources can be directed from existing programs to target downtown, and new programs can be designed to fill the void.

9. The edge of downtown should be surrounded by viable neighbourhoods. In the United States in particular, downtowns are isolated from adjacent neighbourhoods by freeways and vacant lands. These adjacent communities provide a market for downtown services, and their economic viability and connections to downtown must be enhanced.

10. Downtown is never 'done.' The real estate market progresses through its cycle, demographics shift, and downtowns must be poised to respond. Moulton suggests the following challenges be addressed:

    - Manage conflicting land uses that arise due to change;
    - Keep downtown affordable;
    - Be patient and allow retail uses to develop over time;
    - Provide green space in both regional and neighbourhood scale;

- Make downtown a home for families through ensuring the provision of appropriate services and institutions.

In conclusion, Moulton argues that public policy must encourage, manipulate and, where possible, direct the development of not just housing but of sound, distinct residential neighbourhoods from which owners can expect appreciation in their housing investment (Moulton 1999, 21). By encouraging these policies, a climate conducive to investment will emerge downtown and create the framework for revitalisation.

Lang, Hughes and Danielsen provide additional insight into the nature of the market for downtown housing. Basing their research on the work of William Whyte, they attempt to "develop a method of identifying and quantifying potential urban dwellers among suburban populations" (Lang, Hughes and Danielson 1997, 438). Whyte argues that a significant proportion of suburban residents share similar characteristics of urban dwellers. Identifying this population could provide a significant market for downtown housing. Through a comprehensive marketing program targeting this population, it is hoped that they can be attracted downtown and stimulate the residential market.

Lang argues that many marketing campaigns that attempt to attract suburban residents downtown assume that most suburbanites are 'antiurban' and afraid of cities. This is a rational approach, given that suburban residents often express safety and crime concerns in a variety of surveys or through other research methods. Rather than market downtowns as a unique destination, developers have catered to this fear and attempted to superimpose suburban developments in a downtown environment to draw suburbanites downtown. According to Lang:

> For example, the festival marketplaces that now line many urban waterfronts are designed as controlled environments, where suburbanites

> are only partly engaged by the city in an atmosphere that resembles a shopping mall. Festival marketplaces, from the South Street Seaport in New York to CitiWalk in Los Angeles, essentially serve as halfway houses for 'citiphobic' suburbanites (Lang, Hughes and Danielson 1997, 438-9).

Rather than simply recreate downtowns in the image of suburbia, Lang argues that a significant population exists in the suburbs that is potentially receptive to living in a downtown environment. This population allows cities to build on their comparative advantage over the suburbs, rather than flattening such distinctions to accommodate the tastes of the most resistant suburbanites. According to Lang, cities must dedicate themselves to cultivating a unique and marketable urbanism by identifying those who love cities and catering to their often non-mainstream needs (Lang, Hughes and Danielson 1997, 439).

Demographic trends play a role in locational choice. The quality of inner-city schools is often mentioned as a factor. However, households made up of married couples with children have decreased from 40% to 25% of US households since 1970. As this trend continues, the issue of school quality will continue to decline. As childless households move to central cities, the taxes generated by these residents will help improve the quality of existing schools without adding an additional burden (Lang, Hughes and Danielson 1997, 442).

In terms of attempting to identify what sort of businesses may locate downtown once the residential population increases, Michael Porter notes that

> The principal inner-city business opportunity springs . . . not from the size of the market but from its character. People in largely lower-income ethnic and minority communities have distinctive needs and tastes, which demand tailored products and services. But most companies design products and services for white middle-class consumers and businesses. Hence, their product configurations, retail concepts, entertainment, and personal and business services don't fit inner-city customers' needs.

> Microsegmentation lags in the inner city, but it represents a substantial opportunity (Lang, Hughes and Danielson 1997, 463).

Daphne Spain notes that research on locational choice shows that current urban residence strongly predicts future urban residence (Spain 1989). Demographic trends seem to indicate that many empty-nest couples from the baby-boom generation are relocating downtown. According to Lang, these are often couples who lived in cities prior to having children and then moved to the suburbs for space, safety and schools. While this study is primarily interested in attracting new residents downtown, it is equally important to retain existing residents. According to Spain, much effort should be given to retaining central-city households (as noted in Lang, Hughes and Danielson 1997, 464). The issue of household retention would seem to imply that a household could be retained throughout its life cycle. If this were the case, downtowns would evolve into significant mixed-use neighbourhoods. While this is a critical argument, it needs to be made much later in the process and should be the subject of further study. To stimulate an initial downtown residential population however, you must first attract niche, non-mainstream populations before it may evolve into something more mixed-use and sustainable.

In conclusion, Lang notes that targeting suburban urbanites, as with most urban revitalisation strategies, is likely to be only marginally effective. According to Lang,

> Cities should accept the fact that they have lost much of their centrality to the region and now represent just one market niche among many. Cities also must realise that it is far better to occupy a well-defined and defensible niche than to face near total irrelevance – a situation that all too often describes America's more desperate urban areas (Lang, Hughes and Danielson 1997, 465).

This defensible niche – catering to non-mainstream and niche populations – forms the foundation upon which downtown neighbourhoods can revitalise themselves.

In contrast, Quercia and Galster argue that middle-income households are necessary to provide stability in a diverse environment. Quercia notes that the suburbanisation of America's middle-income households has characterised the past four decades, and that the flight of these households has led to increased fiscal and social distress for inner-city neighbourhoods (Quercia and Galster 1997, 409). This is not a new theory – this argument has been made since the 1970s. However, despite limited success, the belief persists that reversing the out-migration of middle-income households or attracting suburban middle-income residents will ameliorate the continued distress in many large urban areas (Quercia and Galster 1997, 410).

In terms of fiscal distress, the out-migration of middle-income households has had two effects: first of all, it has decreased the demand for housing therefore reducing its value, the overall assessment base and ultimately municipal tax revenue. Secondly, the loss of middle-income residents has left inner-city neighbourhoods with less political power needed to attract public resources to their communities. In terms of social distress, the loss of middle-income households has "weakened basic institutions and left high concentrations of low-income inner-city residents with no middle-class role models to emulate and with few means of learning about employment opportunities often located in the metropolitan periphery" (Quercia and Galster 1997, 411). Therefore if middle- and upper-income residents are retained and attracted to reside in inner-city neighbourhoods, two primary benefits can be expected: an improvement in municipal finances and a decrease in the socioeconomic isolation of low-income inner-city households (Quercia and Galster 1997, 411).

According to Quercia and Galster, these benefits will not be realised in direct proportion to the number of middle-income residents in a particular neighbourhood. Rather, they hypothesize that a threshold must be achieved before increased benefits can accrue to a neighbourhood. If the threshold is not achieved, the marginal expected benefit to be gained from adding one more middle-income household will likely be smaller (Quercia and Galster 1997, 418). Four separate thresholds are identified: housing upgrading, retail demand, image, and political demand.

The 'housing upgrading' threshold suggests that property owners are motivated by personal financial gain that can be influenced by the uncertain collective behaviour of other owners nearby (Quercia and Galster 1997, 418). Basically, a property owner is more disposed to reinvest if he or she perceives others in the neighbourhood to be doing so. The threshold point is the proportion of other nearby property owners whose investment will trigger a given individual to invest as well.

The 'retail demand' threshold suggests that a minimum population in a particular market area is required in order to provide sufficient demand for their goods and services to make them profitable (Quercia and Galster 1997, 421). The market area will depend on the density of households, their incomes and preferences, the amount of competition and the level of specialisation. One example of a retail demand threshold is "localisation economies." These may begin to form when competitive retailers cluster together, which can improve the retailing climate for the population as a whole but not necessarily for downtown residents. According to Quercia and Galster, in a neighbourhood where most residents have low incomes, it is unlikely that demand thresholds could be reached for a

variety of activities such as restaurants, banks, and grocery stores without the presence of middle- and upper-income households.

The 'image threshold' suggests that businesses consider both objective and subjective factors when assessing locations for new or expanded facilities. While objective factors are measurable (such as energy costs, labour costs, or taxes), subjective factors (such as the quality of life) are more difficult to quantify. Perceptions of crime, abandonment, and despair will act as a disincentive. Quercia and Galster argue that "it will take a significant influx of middle-income households into large fractions of formerly concentrated-poverty neighbourhoods to provide that crucial threshold of cognitive dissonance for prospective investors" (Quercia and Galster 1997, 423). Only after this threshold has been reached will the expected benefits of revitalisation be realised.

The 'political demand' threshold is speculative and cannot be proven from the research literature. There are however two aspects of this issue to consider. First of all, if more residents move downtown then the voting power of this neighbourhood will increase in terms of raw numbers. This is true regardless of the financial profile of the resident. However, because there is a strong negative correlation between poverty and political participation, Quercia and Galster argue that middle-income residents are necessary to assure proper political representation. Until a significant concentration of middle-income households is achieved, the political demand threshold cannot be met.

As well, there are three types of benefits expected to affect the realisation of specific social benefits: social norms, information, and institutional support (Quercia and Galster 1997, 425). If middle- and upper-income social norms are considered to be 'ideal,' then

middle-class residents must move downtown in sufficient numbers for this threshold to be reached. Information in this case means access to social networks that can connect employed persons to the unemployed. Similar in theory to retail demand thresholds, charitable and community-based organisations need to exceed a threshold of donations, time, expertise and money before they can become viable. An influx of middle-income households is likely to provide infusions of all these elements (Quercia and Galster 1997, 428).

However, an influx of middle- and upper-income residents may have negative effects on existing lower-income residents as well. For example, housing affordability may be eroded (in terms of both property values and property taxes) if prices rise beyond affordable levels. There may be associated psychological and financial effects of dislocation if residents are forced to move to more affordable neighbourhoods.

Quercia and Galster conclude by taking no position on the merit of attracting middle- and upper-income residents to inner-city neighbourhoods – only that the desirability of such a goal remains up for debate. If in fact this goal has merit, then the notion of thresholds must be considered when attracting downtown residents. One conclusion drawn by the authors is that the notion of thresholds has important implications in terms of targeting. Quercia and Galster note that:

> Public policies aimed at revitalising inner cities by attracting middle-income households should target particular inner-city locations to encourage the attainment of critical numbers of middle-income households there. This is because the same number of middle-income households will likely have much less favourable impacts if they are evenly dispersed throughout the central city or distributed in such a way that, wherever they are located, they do not exceed several of the more important thresholds (Quercia and Galster 1997, 432).

Clearly, it is critical that efforts to attract downtown residents be targeted in a specific geographic area in order to create a critical mass of activity.

In order to further understand the nature of a potential market for downtown housing, demographic research performed by Kasarda et al attempts to quantify migration patterns between downtown and suburban communities in order to determine the scale and magnitude of a perceived 'back to the city' movement. While finding "little hard evidence that a widespread demographic turnaround of our central cities is on the immediate horizon" (Kasarda, Appold, Sweeney and Sieff 1997, 346), their work examined the demographic trends which could support this approach, and found the results to be less than encouraging.

Kasarda et al identify a number of factors which seem to work against the revival of downtowns and central cities in general. First of all, in terms of both residential desirability and access to employment, the attraction of the suburbs remains strong (Kasarda et al 1997, 308). Residential preference surveys continue to reveal that, on the whole most Americans still prefer lower-density living and a suburban lifestyle. Secondly, as downtown living has become more 'suburban' in nature itself, there is less to differentiate downtown and suburban lifestyles. The automobile is almost as necessary for downtown residents as suburban residents, and it is not uncommon to find upper-income downtown residents driving their SUV's to suburban shopping malls for their groceries or to visit the regional big-box district. As Kasarda et al note, a single big-box store typically contains more retail space than a small-city downtown shopping district built before World War II (Kasarda, Appold, Sweeney and Sieff 1997, 309). Thirdly, to reinforce the previous point, downtown commercial projects typically offer the

same amenities as suburban malls. If these projects are unique, they tend to cater to tourists and are often of little use for downtown residents. As well, suburban neighbourhoods are no longer the homogenous residential enclaves they once were. New suburbs contain office headquarters, cultural facilities, retail opportunities and a host of specialized services previously found exclusively in downtowns. As suburban neighbourhoods become more urbanized and downtowns assume the character of suburbia, fewer and fewer features differentiate downtown living from suburban living.

Kasarda et al identify a number of population categories that have traditionally shown a propensity to reside downtown or in central cities. For example, first-generation immigrants, who traditionally settle in the central city, are now increasingly locating in suburban neighbourhoods. While this population encourages the ongoing diversification of suburbia, it also removes a traditional source of residents from downtown districts (Kasarda et al 1997, 310). The impact of immigration on central city population is well-documented and includes the research of Ernest Burgess, who in 1923 developed the concentric-zone model of urban growth which emphasized the movement out of central cities by socially mobile city residents and their replacement in the core by waves of newly arrived immigrants. According to Kasarda et al,

> In time, these new arrivals replicated the congruent processes of social mobility upward and spatial mobility outward, only to be replaced by another wave of immigrants (or rural migrants) to the urban core. This migration-succession process pumped new demographic life into the central cities, enabling them to hold their own (and even grow) despite increasing suburbanisation (Kasarda et al 1997, 325).

As immigrants increasingly locate in suburban neighbourhoods, and as overall immigration levels fluctuate (and are determined not by cities but by national governments), the impact of immigration in shaping cities today is less than in the past.

This is not to say, however, that immigration cannot play a more significant role in downtown revitalization in the future.

Urban economic theory can also help to identify potential downtown populations. For example, the literature suggests that higher-income households will relocate from the central city to the suburbs in search of lower tax burdens and the best composition of location-specific amenities (Kasarda et al 1997, 320). A struggling downtown will likely have lower property values and therefore lower property taxes in comparison to relatively prosperous suburban neighbourhoods. It would seem reasonable therefore that combined with a proper package of amenities, downtown neighbourhoods would tend to be more attractive to lower-income households. In terms of the appropriate package of amenities, Kasarda et al note that

> Central cities offer many amenities that large numbers of people find appealing. These amenities include a rich diversity of population groups and lifestyles, historically significant residential architecture, extensive nighttime entertainment options, ethnic restaurants, offbeat shops and services and quick commutes to downtown work locations. Many people, including young singles and older empty-nester couples, have been lured from the suburbs to the central cities seeking such amenities, contributing to the pockets of residential and commercial vitality that are increasing in most large cities (Kasarda et al 1997, 320).

It is the combination of identifying the niche market and developing the right package of amenities to suit this market, which will ultimately determine whether or not downtown housing will succeed.

3.4 Precedents

Over the past few years a housing-based approach to downtown revitalisation has been investigated by private market consulting firms as a possible strategy not only in

Winnipeg but also in comparable cities including Saskatoon and Edmonton. These studies attempted to put theory into practice, although with varying degrees of success. They did, however, provide insight into the nature of the market for downtown housing as well as information regarding the physical, economic and social conditions which need to exist for downtown housing to succeed. Although the case studies provide real-life information with particular relevance to Winnipeg, the case studies leave a number of unanswered questions which form the basis of the empirical research which follows.

3.4.1 ND Lea and Associates: Winnipeg

In the summer of 2000, ND Lea Engineers and Planners Inc. completed a market analysis of downtown Winnipeg and adjacent neighbourhoods for the City of Winnipeg. This study was broad in scope, and included research related to socio-demographic trends taking place in Winnipeg, an analysis of existing and innovative housing programs in Winnipeg and elsewhere, a series of focus groups with existing and prospective downtown residents, a rental and vacancy analysis as well as a series of pro formas regarding potential downtown housing projects.

Demographic and market research commissioned by ND Lea indicated that demand for multiple family units exists in the Downtown and across the city. Between 6500 and 11,000 multiple family units will be required over the next ten to twelve years. However, according to ND Lea there has not been any recent downtown residential development in part due to the following factors:

1. a gap exists between economic and market rents;
2. there is a lack of suitable development parcels downtown;

3. downtown neighbourhoods lack basic amenities.

Demand for downtown housing is seen in the following areas:

1. new high-rise apartments (life-lease or rental) attached to the skywalk, for those with equity or higher incomes;
2. warehouse conversions and new construction in the Exchange District for a younger, affluent, urban market;
3. medium-density apartments/condominiums at The Forks for market-driven housing projects;
4. housing for lower-income singles.

In order to address the gap between current market and economic rents, ND Lea suggests three options:

1. attracting higher income people with the ability to pay;
2. increasing the housing options for those with limited ability (income transfers, subsidies, etc.)
3. improving market conditions.

Unfortunately, while these are all valid strategies to address the issues as identified, the research provides little information as to how these strategies are to be achieved. In particular, the strategy of improving market conditions seems to be the most logical step to address from the outset. Improving market conditions will attract higher-income people with the ability to pay. Ultimately, as gentrification begins and the neighbourhood becomes affordable to fewer people, strategies would have to be developed to address those issues. Initially however, improving market conditions is the most important factor.

Market and demographic research commissioned by ND Lea found that generally speaking, there is demand for new housing units downtown. Because of decreasing household sizes and other factors, new units are being added even in years when there is a net population decrease. At the same time, vacancy rates for rental units have been

decreasing. In order to attract people downtown, there must be apartments available for rent. Since vacancies are currently low, new units must be added. However, the gap between economic and market rents is increasing. The cost to construct and operate new rental housing exceeds the ability to pay of most people who currently live in the area.

In their assessment of downtown residential opportunities, ND Lea focused on three distinct downtown neighbourhoods: North Portage, the Exchange District, and The Forks. Housing at North Portage currently includes approximately 376 units of market-rate rental housing, as well as approximately 250 units of seniors and life-lease housing. ND Lea found that the climate-controlled access to downtown, via Portage Place and the skywalk system is a unique and highly-valued feature, particularly by seniors who appreciate independence. The existing residential projects in this district are popular, exhibiting a low vacancy rate. Demand exists for similar developments in this neighbourhood. Assembly of the land by the North Portage Development Corporation helped to smooth the project and removed many of the risks associated with the development.

In the Exchange District, significant demand exists for loft-style apartments in converted warehouses. However, the cost of residential conversions approaches the cost of new construction, pricing these units out of the identified market. While the City of Winnipeg has addressed building code equivalencies, the cost of upgrading these buildings to meet code remains significant. Some form of incentive program would be required to ensure the units would be affordable to the identified market. However, several potential development sites have been created through the development of Waterfront Drive.

According to ND Lea, these sites may be able to attract new development at market rates without subsidy. ND Lea also found that the demand to live in the Exchange District is not driven so much by a desire to live downtown as the appreciation for the architectural character of the neighbourhood.

Significant demand exists for housing at The Forks. Proposed residential projects have been market-driven, suggesting that the target market is upper income or has accumulated equity. One attractive feature of The Forks, according to ND Lea, is the fact that The Forks is not public land. The ability to control access to this district is desirable to many potential residents, fearful of "potential interaction between . . . members of the public who may cause concern from a personal safety or comfort perspective."

Critics of The Forks often suggest that development at The Forks takes place at the expense of the rest of downtown. Potential housing development can therefore be interpreted in one of two ways: housing at The Forks will draw potential development away from other downtown districts; or, housing at The Forks presents a unique development opportunity which will act as a catalyst to benefit and stimulate housing through the entire downtown. Since no housing development has occurred either at The Forks or throughout the rest of the downtown, the latter must be true.

3.4.2 Preiksaitis and Associates: Saskatoon

A similar study was undertaken in January of 1998, when the City of Saskatoon commissioned Armin A. Preiksaitis and Associates Ltd. of Edmonton to carry out a Downtown Housing Study. The terms of reference included the following task areas:

- develop a 'vision statement' as a policy framework for the implementation of programs and regulations to encourage new downtown residential development;
- determine the present and future demand for downtown housing;
- identify opportunities and constraints to developing downtown housing (and adjacent neighbourhoods);
- identify the type and cost of infrastructure improvements required to accelerate housing development;
- identify appropriate incentives to encourage residential development downtown; and
- undertake a case study for the adaptive reuse of commercial/warehouse space to accommodate residential uses (Preiksaitis 1998, 1-4).

In order to develop the vision statement, a series of focus group sessions, workshops, and a public open house were held to develop a long-range vision for housing in downtown Saskatoon. The vision, which was to be achieved twenty-five years into the future, contained the following elements:

- the residential population will have doubled from 5000 to 10,000 people;
- downtown housing will attract singles, families without children, empty nesters, seniors, students, artists and others interested in live/work spaces;
- a variety of housing forms will be made available, including mid-rise apartments, adaptive reuse of commercial and industrial buildings, live/work conversions, and affordable housing;
- public amenities, such as a public market and connections to the river will have been developed;

- the City of Saskatoon will make available a package of incentives to make the development of downtown housing (especially rental) feasible;
- downtown Saskatoon will become the 'pride of the community' – a place to live, work and play.

A conventional market analysis was used to measure present and future demand for housing, and develop a profile of those individuals receptive to residing in the downtown area. This analysis included a telephone survey of 500 Saskatoon residents not currently living downtown, a demographic analysis of population trends and characteristics, and a series of focus group sessions with interviewees who expressed an interest in living downtown.

The telephone survey found that suburban residents viewed living downtown as desirable in terms of proximity to shopping, entertainment, the river valley, the suitability and price of housing, and safety. Living downtown was viewed less favourably in terms of proximity to work, recreation, schools, and friends. Approximately one in five respondents viewed the downtown as a desirable or very desirable place to live. As well, slightly more than one-quarter of all respondents indicated that they would consider moving downtown, however not within the next five years. Those who indicated the greatest desire to live downtown included empty nesters, seniors, young adults, current residents of multi-family dwellings, renters, and those in lower income brackets.

Approximately one-half of telephone respondents indicated that they would consider moving downtown if various improvements to the area were made, such as improved parking and safety, more parks and open spaces, and improved housing choice. Unfortunately these responses indicate the limitations of telephone surveys, as this

information contradicts previous information indicating satisfaction with safety and the suitability and price of housing.

As with the ND Lea study of Winnipeg, assessing the future demand for housing was driven to a large extent through a demographic analysis. This analysis revealed that currently, the downtown neighbourhood is characterised by small average household sizes and a high proportion of employed singles and the elderly, relative to the population at large. Those residing downtown are twice as likely to rent rather than own, compared to the rest of Saskatoon. Employed persons living downtown tend to earn relatively high incomes, and their occupation is often associated with the 'white-collar' office orientation of nearby downtown businesses and institutions (Preiksaitis 1998, 4-4).

In addition, a series of focus groups with suburban residents provided insight into the market representing the future demand for housing. Participants indicated that the most attractive aspects of living downtown included the proximity to riverfront areas, the proximity to work, easy accessibility to key regional amenities, and interesting and exciting lifestyle possibilities. Deterrents to downtown living included the lack of housing variety and choice, the lack of parking, safety concerns, the lack of services (particularly grocery stores), and unattractive streetscapes. Unfortunately the findings of the focus groups are inconsistent with those of the telephone survey. No firm conclusions can be drawn due to these inconsistencies.

Potential housing sites were reviewed on a site-by-site basis, after undertaking a visual survey of downtown Saskatoon with the help of aerial photography, building inventory data and streetscape photo elevations. Nine distinct districts were identified and

evaluated in order to reflect dominant land use patterns, development trends, built form and landscape attributes, as well as residential amenity conditions. According to Preiksaitis and Associates, the prospect of increasing the demand for downtown housing requires a well-developed mix of compatible and complementary land uses, successful residential development precedents and a residentially-supportive amenity infrastructure (Preiksaitis and Associates 1998, 5-3). Using these criteria, two districts were identified as having the greatest potential for attracting new housing units. The districts identified by Preiksaitis were characterised by an established residential area, and a largely undeveloped area with riverfront amenities.

Within these districts, Preiksaitis suggests that a housing-friendly environment would be created through developing a visual identification program, additional streetscaping improvements, and a resident-friendly on-street parking program. Adaptive reuse of underutilised commercial buildings and heritage structures is also desirable in these neighbourhoods. The target markets in these districts are relatively upscale, due to higher land acquisition costs and costs associated with adaptive reuse. Those that work downtown, in particular young professionals, are most likely to stimulate demand for residential units. As well, the 50+ age cohort and those seeking assisted living environments may be attracted by the convenience of personal service, retail and health care facilities. A limited demand for live/work and artist housing may exist.

3.5 Chapter Summary

The literature cited in this review provides a broad overview of conventional and emerging downtown revitalisation theory, including literature relating to the evolving role

of downtown, the role of housing in the downtown revitalisation process, and the nature of the downtown housing market.

It should be noted that it was the intention of the author to survey a representative sampling of relevant literature, rather than survey only the literature that supported a particular argument or theory. As a result, many of the findings support opposing viewpoints. The findings of this literature review will be used to develop a series of questions which will be tested through a combination of focus groups and personal interviews.

Despite the wide variety of literature surveyed, an evolution in the strategy of downtown revitalisation is underway. Downtown revitalisation theory is moving away from large scale physical redevelopment projects aimed at attracting mainstream suburban populations. Rather, a niche approach, focusing on attracting a residential population has shown promise. Authors such as Moss (1997) are particularly critical of past revitalisation approaches which attempt to reinforce the role of downtown as a regional destination. Instead, he suggests that due to demographic and technological change, the future of downtown lies in its ability to reinvent itself as a 'lifestyle' neighbourhood. Bunting and Filion (2000) provide a Canadian context for the situation, complementing the arguments of Moss in their study of Kitchener-Waterloo, Ontario. Moulton (1999), Lang et al (1997), and Quercia and Galster (1997) provide further information as to the nature of the downtown housing market, including the successes and failures of attracting suburban residents downtown, and the economic and social characteristics of a potential downtown residential market. Much of the literature, including the work of ND Lea (2000) and Preiksaitis (1998), has attempted to define the market for new downtown

housing units through surveys of suburban residents who indicate a propensity for urban living. Unfortunately, the market identified through this technique is acknowledged to be 'soft,' and this approach has shown limited success in the case studies cited. In addition this technique has been discredited by a number of authors. A new approach, referred to by Moss (1997) as the 'non-family values' approach to urban redevelopment, emphasises the role of non-mainstream populations in downtown residential development. This approach will form the basis for the empirical research undertaken in this thesis.

4.0 RESEARCH METHODS

4.1 Introduction

In order to identify ways in which niche communities can participate in a housing-based downtown revitalisation process, empirical data was gathered through a series of focus groups with existing and potential niche communities as identified through the literature. These population groups include students, artists, and the gay/lesbian community. Further information was gathered through qualitative interviews with developers active in the downtown Winnipeg housing market. This chapter will discuss the rationale for the particular research method chosen, and the technique in which it was employed.

4.2 Focus Group Interviews

Focus groups can be an important research method under appropriate circumstances. A focus group is defined as a carefully planned discussion designed to obtain perceptions on a defined area of interest in a permissive, non-threatening environment. A skilled moderator directs the conversation in which between seven and twelve knowledgeable participants share ideas and perceptions. Group members influence each other by responding to ideas and comments in the discussion (Krueger 1994, 6).

Focus groups are the most appropriate research method for obtaining information from niche markets, as indicated below. In particular, they are useful in generating ideas and stimulating discussion. The nature of a group discussion means that ideally, the information gathered from the group as a whole would be greater than if the subjects

were to be interviewed individually. Properly facilitated, a group discussion will provoke ideas that may not have been foreseen by the researcher alone. As well, focus groups are an efficient research method, generating a substantial amount of information in a relatively short time period. Compared to other research methods including interviews and questionnaires, focus groups encourage a rich discussion with a simple and efficient means of analysis.

As with any research method, focus groups have certain advantages and disadvantages that determine when they should or should not be used. Krueger notes that as a socially oriented research method, focus groups possess the following characteristics:

Advantages:

- inhibitions are often relaxed in group situations and the more natural environment prompts increased candour by participants;
- compared to surveys, focus groups are flexible in that they allow the moderator to probe with spontaneous questions;
- they have high face validity;
- they allow speedy results;
- they are relatively low in cost;
- they allow the researcher to interact directly with respondents;
- the open response format of a focus group provides an opportunity to obtain a large and rich amount of data;
- focus groups may be one of the few research tools available for obtaining data from children or from individuals who are not particularly literate; and
- results of a focus group are easy to understand (Krueger 1994, 34).

Disadvantages

- focus groups afford the researcher less control than individual interviews;

- data may be difficult to analyse;
- moderators require special skills;
- differences between groups may be problematic;
- groups may be difficult to assemble, and
- the discussion must be conducted in a conducive environment (Krueger 1994, 36).

As well as possessing certain advantages and disadvantages, focus groups should only be used under the following circumstances:

- focus groups collect data to answer research questions. They are not meant to resolve conflicts, build consensus, change attitudes, and make decisions;
- participants must have sufficient knowledge of the topic; and
- focus groups should not be used to collect statistical data. Focus groups are not representative of a larger population, and the numbers are too small to be statistically valid.

The number and type of questions will depend to a certain extent on the nature of the group. For example, if a topic is complex or emotionally involving, or if the background of the participants is relatively heterogeneous, then fewer topics and questions can be covered (Stewart and Shamdasani 1990, 62). Generally about a dozen questions will be asked during the interview. The questions may appear to be spontaneous, or they may be written out beforehand. Either way, they are carefully thought out ahead of time. Krueger identified six types of focus group questions, which formed the basis for our discussion:

1. The opening question, which is intended to identify commonalities between focus group participants. All participants answer this question. This question was devised

in order to introduce the background of the participants, and introduce the topic at a broad level;

2. Introductory questions, which introduce the general topic of discussion and are intended to foster conversation and interaction among the participants;

3. Transition questions, which move the conversation into the key questions that drive the study. Transition questions link the introductory questions and key questions, and make participants aware how others view the topic;

4. Key questions, which drive the study. There are usually between two and five questions in this category. As well, they are usually the first to be developed and require the greatest attention in the subsequent analysis;

5. Serendipitous questions, which are not planned and arise from the discussion generated by the focus group discussion. Krueger suggests that you hold these questions back until near the end of the discussion, as they may throw the discussion off track. If your client is watching the proceedings, this may present an opportunity for the client to ask additional questions. However, the nature of a focus group is conducive to spontaneity and serendipitous questions, and opportunities to pursue a particular line of questioning may be lost if the question is held back until the end of the interview;

6. Ending questions, which bring closure to the session and enable participants to reflect on previous comments. The 'final question' model was chosen, in which the

moderator summarises with an overview of the purpose and asks if anything has been missed. This type of question is most appropriate at the beginning of a series of focus groups as insurance that the questioning route is logical and complete (Krueger 1994, 55).

Therefore, in order to identify the role of housing niche communities in the downtown revitalisation process, conducting a focus group can be an appropriate research method as long as the limitations of the technique are respected.

4.3 Qualitative Interviews

A series of interviews with housing developers was undertaken in order to gain the perspective of the housing development industry into the role of housing in the downtown revitalisation process, and to review the themes that arose during the focus group research. Qualitative interviews were chosen as the most suitable research method to pursue with developers because, as Patton notes, they allow the researcher to access the perspective of the person being interviewed – and their perspective is meaningful, knowable, and able to be made explicit (Patton 1990, 278). While qualitative interviews offer an opportunity to gain tremendous insight into the opinions and perspectives of participants, the process is not without risk. The quality of the information obtained during an interview is largely dependent on the interviewer (Patton 1990, 279).

Qualitative interviews were chosen as the appropriate research method in which to gather information from housing developers for a number of reasons. Most importantly,

they provided the appropriate environment from which to gather confidential information. As opposed to the public nature of focus groups, personal interviews were required as the information discussed contained confidential business details and strategies. Developers would not have shared their proprietary information in a public setting with their competitors. Personal interviews also are a relatively efficient method in which to gather and analyse information. Once the decision was made to undertake interviews with housing developers, further research was required in order to select the appropriate type of interview. When compared to both focus groups and interviews, questionnaires were not considered to be an appropriate research method for either housing developers or niche communities, as they are better suited to research on a much larger scale. As well, questionnaires seek to answer questions, while focus groups and interviews ideally will provoke new questions as well as provide answers.

Generally speaking, the three different approaches to collecting qualitative data through open-ended interviews include:

1. the informal conversational interview
2. the general interview guide approach, and
3. the standardised open-ended interview.

According to Patton, each approach has its own strength or weakness, and serves a different purpose. Each approach may involve different types of preparation, conceptualisation and instrumentation. The most significant difference in the three types of interview relates to the extent to which questions are determined and standardised beforehand.

According to Patton, the informal conversational interview "relies entirely on the spontaneous generation of questions in the natural flow of an interaction" (Patton 1990, 280). In fact, the subject in the interview may not even know that they are being interviewed. This method provides the most open-ended approach to interviewing, and ensures maximum flexibility. The subject often arises from a particular setting, and the researcher is unable to prepare questions in advance because there is no way of knowing beforehand what is important to ask or what may happen. This method is particularly useful when the researcher is able to stay in the setting for a period of time, and the opportunity to interview the same subject exists. Each interview builds on the previous one. The strength of this approach is that it allows the researcher maximum flexibility, as well as the opportunity to personalise the interview based on individual differences and changing situations or contexts. The weakness of this approach is that it may be less efficient, possibly requiring several interviews with different people before the same questions have been asked of all subjects. As well, this method requires the most skill or aptitude of the researcher. Data may be more difficult to analyse, given that different questions will generate different answers.

A general interview guide outlines a set of issues or themes that are to be explored in advance of the interview. An interview guide is prepared in order to ensure that the same information is obtained from a number of people by covering the same material (Patton 1990, 283). The interviewer remains free to ask questions somewhat spontaneously and in a conversational format, with no preference given to order or theme. The interview guide acts simply to ensure that all themes have been covered. The general interview guide approach still provides a degree of flexibility, and the researcher is free to pursue additional information that may not be relevant or available

from all subjects. An additional advantage of the interview guide format is its efficiency, making sure the researcher makes the best use of the limited time available.

The standardised open-ended interview consists of a set of carefully worded questions, taking each subject (interviewee) through essentially the same interview. Flexibility and spontaneity is limited compared to other methods. The standardised interview is used when it is important to minimise variation of the question, such as when a large number of researchers are conducting the same interview. Careful consideration is given to the wording of each individual question, eliminating the need for researcher judgement during the interview. The standardised nature of this approach also ensures that data analysis is simpler than either the informal conversational or the interview guide approach. It also allows the creation of an interview document, which may be of value to decision makers and evaluation users (Patton 1990, 285). However, the main weakness of the standardised approach – namely that it does not permit the researcher to pursue topics or issues that were not anticipated when the interview was prepared – is critical.

The general interview guide approach is most appropriate for this research. It offers an appropriate balance of flexibility and structure, particularly for a novice researcher. It is also appropriate given the relatively strong familiarity of the researcher with the topic. The scenarios in which the other two methods are most appropriate are not applicable to this research.

Regardless of the approach adopted, decisions must be made in terms of the questions to ask, the sequence in which they will be asked, how much detail to solicit, how long to

make the interview and how to word the questions. According to Patton there are basically six types of interview questions:

1. Experience/behaviour questions (what a person has or has not done);
2. Opinion/values questions (what a person thinks about an issue, including goals, intentions, desires, values, etc.);
3. Feeling questions (aimed at understanding the emotional responses of people to their experiences and thoughts);
4. Knowledge questions (which gain insight into the factual knowledge possessed by the subject);
5. Sensory questions (which attempts to record the sensory stimuli to which interviewees are subjected); and
6. Background/demographic questions (which concerns the identifying characteristics of the person being interviewed e.g. age, education, occupation, etc.).

The sequence of the questions is only an issue with the standardised interviews, as all other methods allow flexibility. However, Patton advises the researcher to begin the interview with straightforward or non-controversial questions, which provide a context for the rest of the discussion. It is preferable to ask questions about present activity first, and follow with questions about past or future activities. Due to the 'boring' nature of demographic questions, it is advisable to intersperse them throughout the interview. A list of questions is attached in Appendix C.

It is critical to the integrity of the interview that responses be tape-recorded and transcribed verbatim. A tape recorder can also allow the researcher more opportunity to formulate new questions as the interview proceeds. Although transcription is notoriously inefficient (typically, it takes four hours to transcribe one hour of data), it is invaluable in ensuring quality interpretation.

In terms of data analysis, there are two approaches: case analysis and cross-case analysis. Case analysis involves writing a case study for each person interviewed, while cross-case analysis involves grouping data according to a theme rather than by respondent. Cross-case analysis is the preferred strategy if the researcher has chosen the interview guide approach, and the data is grouped by theme (similar to the approach used in evaluating focus group data). This research will utilise cross-case analysis.

4.4 Chapter Summary

This chapter has outlined the strengths, weaknesses and limitations of the focus group and qualitative interview processes. Focus groups were chosen as the most appropriate research method in which to encourage dialogue among niche communities, as they are well suited in generating ideas and information from like-minded participants in a supportive, non-confrontational environment. A successful focus group builds upon ideas, stimulating discussion and taking it in directions not foreseen nor anticipated by the researcher had the participants been interviewed independently.

In contrast, qualitative interviews were the most appropriate tool in which to gather factual information, personal insight and individual perspectives from housing developers active in downtown Winnipeg. Due to the competitive nature of the development industry, participants could not be expected to share information openly in a group environment. Personal interviews, in which confidentiality could be assured, produced the most suitable environment in which to gather information. The general interview guide approach, in which a series of issues or themes are identified before the interview takes place, was identified as the most suitable strategy. The general interview guide

approach provides a balance between structure, flexibility, and efficiency and is appropriate given the context and purpose of the research itself.

The information gathered through these research methods is presented in the following chapters, and will be synthesized to provide conclusions in the final chapter.

5.0 RESULTS: THE PERSPECTIVE OF NICHE COMMUNITIES

5.1 Introduction

A focus group, consisting of seven participants belonging to the student, artist, or gay and lesbian community, was conducted on December 2, 2002. Participants were recruited through personal contact and key informants as well as advertisements and announcements placed at two post-secondary schools. This chapter will provide a summary of themes arising from the focus group, with recommendations being provided in Chapter 7. A list of questions is provided in Appendix B.

The focus group interview was conducted substantially as planned. One unforeseen obstacle which arose was the absence of participants who had indicated that they would be attending. No explanation for their absence was available. While it is impossible to measure the impact of their absence on the discussion, it should be noted that the remaining participants were able to generate a significant (and satisfactory) amount of information. The number of participants was within the guidelines as discussed by Krueger (Krueger 1994). The validity of the results was not affected.

Biases among participants quickly became apparent. This can be explained in a number of ways. To a certain extent, it is reasonable to assume that participants of like minds and lifestyles share the same biases. As well, it is also reasonable to assume that people willing to participate in this type of research do so for a particular reason; in this case, they were interested in the topic of downtown revitalisation and disillusioned with the status quo. For the purpose of this research, it is important to recognise and identify

these biases as they provide important information about the nature of the downtown housing market. It was not critical that participants remain objective and unbiased during the discussion – in fact, their biases are key components of the conclusions of this research.

5.2 Results

The questions explored during the focus group were intended to stimulate discussion regarding the nature and character of successful downtowns, traditional approaches to downtown revitalisation, the role of housing in the downtown revitalisation process and the role of niche communities in the downtown housing market. The following themes arose from the discussion and provide a framework for future discussion with housing developers.

5.2.1 Approaches to downtown revitalisation that focus on large-scale redevelopment projects have not proven to be successful.

Participants were critical of the impact that projects such as Winnipeg Square, Portage Place, The Forks, the City Hall/Public Safety Building complex and the Centennial Centre have had on the character of downtown Winnipeg. Not only have they not succeeded in stimulating the revitalisation process, they have decreased the quality of the downtown retail, residential and pedestrian environment. One participant likened these redevelopment projects to "neighbourhood displacement strategies."

In particular, the scale of redevelopment projects was criticised. One participant noted that rather than relying on large-scale projects, downtown Winnipeg "just needs

diversification, so that there are the one or two megaprojects – the boulders – but they are supported by the smaller stones" as well. Another criticised the overwhelming scale of traditional redevelopment projects, arguing that

> I like impoverished cities a bit, because people can't do too much damage to them and investors aren't that interested in them. There's not enough public funding to make changes that could be good or bad, and (at least) if you don't do anything then it can't be bad.

In addition, participants criticised the single-use nature of most large-scale redevelopment projects, preferring the 'fine-grain' character of a downtown that possesses a wide range of uses on a smaller scale.

Large-scale redevelopment projects were also criticised for encouraging the trend towards urban sprawl on a 'downtown' level. One participant noted that "our downtown is too large to make them work. If you are going to have a cluster of museums and arenas, make it a cluster. But if you have to get into a car to go from the museum to the arena (the project will fail). Just cut a big chunk out (of the downtown) and give up on it."

5.2.2 Developing housing downtown is a viable strategy for downtown revitalisation.

Participants agreed that encouraging a greater downtown residential population would stimulate what they considered to be a revitalised downtown. Many commented that an enhanced downtown residential population would enhance the feeling of 'authenticity' and 'sustainability,' rather than a character artificially fuelled by tourists (including suburban visitors) drawn to destination-oriented facilities. Noting that Winnipeg's downtown residential population has declined over the years, one participant argued that "with the shrinkage of residential life there has been a shrinkage of street life and small businesses and services in the downtown. If there was a residential population

downtown, businesspeople would say 'I see an opportunity for a laundromat or a tailor shop – you know, all those things that we need every day and would be really nice not to have to get into a car to go and get." As well, a greater downtown residential population would result in a more mixed-use environment, with "people walking around at all hours of the day, and a critical mass of people on the streets creating a healthy atmosphere for both residential, commercial and recreational uses."

A strategy to create a residentially based mixed-use environment was also preferred over a strategy focusing on sports and entertainment uses. One participant, arguing in favour of a housing based approach noted that

> The trends in downtown revitalisation seem to be two things: either you go to the 'entertainment/cultural centre' where you try to develop regional destinations, such as cultural centres or arenas and that sort of thing. Where people live in suburbia, they drive downtown, they crank it out and party, they abuse the neighbourhood, then they leave. Or else you try to maybe change the focus to more of a mixed-use environment, and your service sector pops up around it. That's the one that philosophically I am leaning towards, but not everybody feels that way and there is no consensus on that in this city.

Generally speaking, participants agreed that a mixed-use character for downtown provided a more sustainable approach to downtown revitalisation, and should be encouraged over single-use and destination-oriented facilities that attempt to draw patrons from suburban neighbourhoods.

5.2.3 Today, most decisions to live downtown are made for economic reasons.

Currently, downtown is not the residential neighbourhood of choice even for niche communities. Although all participants had lived downtown at one time or another, only one of seven currently live downtown. The other six participants live in the shoulder

neighbourhoods of Fort Rouge, Osborne Village, and Wolseley. The lone downtown resident, a student, noted that she "chose to live downtown because it's cheaper." This was a common theme throughout. Another participant, who has recently entered the workforce, added "I have lived most of my life downtown. It started not as a political choice but an economic one." Not only were rents cheaper, but also the cost of living was lower because good public transit meant that a private automobile was not necessary.

5.2.4 There is a demand for new downtown housing units.

All participants expressed a desire to live in a vibrant, revitalised downtown. Those participants who had recently moved or expressed a desire to move had all considered relocating downtown. However, many were frustrated by a lack of suitable accommodations (regardless of the type or style of housing sought). One recent graduate, who had found employment with a downtown firm, noted "I believe in urban housing. If housing was more prevalent, I'd be living downtown too." Others argued that what little housing is available is not tailored to their lifestyle and does not meet their needs. Another participant, commenting on the lack of suitable rental accommodation downtown, noted "I just moved and ended up living in Wolseley when I wanted to live downtown. I had a heck of a time trying to find these spots that are supposed to exist, unless I was going to buy a condo which isn't realistic for me right now."

5.2.5 Downtown must provide a pedestrian-friendly environment with good public transit.

All participants agreed that a quality pedestrian-friendly environment is the most desirable attribute of a downtown environment. The concept of a walkable city, with easy pedestrian access to goods, services, employment opportunities and attractions was cited by all as characteristics exhibited by their favourite cities as well as their ideal residential neighbourhood. Downtown environments are unique in that only they are able to provide the required density and wide range of uses needed to create a high-quality pedestrian-friendly environment. One participant, describing his favourite city, noted

> My favourite downtown is Montreal. I enjoy it for its walkability . . . It is walkable between St. Denis and downtown, the commercial, shopping and financial district. You just walk down to that area and it's a nice walkable pace and scale. You have St. Denis, you have the central core of shopping, and the added bonus of the historic district. There is a triangle of districts that you can easily walk to. Each experience is wonderful and together they're even better.

Another participant, describing her years at Brandon University, noted

> At the time (early 1970s), it was a very vibrant downtown. I had completely forgotten. One of the wonderful things about it was I could actually walk for groceries, to movies, virtually everything even though the university was on the side of the downtown. I walked through it at least twice a day. Between classes I would come home. There was no need for me to get on the bus even.

Large-scale redevelopment projects (megaprojects) were criticised as detracting from the pedestrian environment, partly due to poor design and partly due to their scale or their nature as a single-use facility. Projects such as Winnipeg Square (at the corner of Portage and Main) and Portage Place act as obstacles to pedestrian movement, restricting access and forcing pedestrians into a private, commercially oriented

environment. In addition to acting as an obstacle, the monolithic scale of projects such as the Winnipeg Convention Centre is such that it does not allow for the 'fine-grain' character and range of uses that contribute to a quality pedestrian environment.

Downtowns are seen by participants as a refuge from the automobile; a place where the pedestrian comes (or should come) first. One participant, commenting favourably on downtown Minneapolis, noted that she "liked that the freeways are freeways and the streets are streets. There are slow moving streets and fast moving streets. There is not this weird blend (that we have in Winnipeg, where) as a pedestrian you are taking your life into your hands." Another participant argued that an automobile-oriented downtown environment cannot coexist with a quality pedestrian-oriented downtown. Even downtown, "every time they renew the streets they make it so it's a little bit faster, a little more efficient for cars. Curbs get a little more round, so that cars can go around them faster. The Main/Norwood bridge . . . (to cross) it takes one light just to get to the median and then you have to wait for more cars to pass." The new western approach to the Pedestrian Bridge was also criticised on the same grounds. Participants described Pioneer/Water Avenues as a "freeway," and questioned why the pedestrian-friendly scale of Provencher Boulevard could not be replicated on the downtown side as well.

Participants noted that a quality public transit system is a key component of a pedestrian-friendly downtown. Although the service provided by the Downtown Spirit was welcome, it was regarded as a band-aid solution to bad planning. One participant noted that "the rationale behind the (Downtown Spirit) is that it connects locations that aren't on the main (bus) routes. Because we dispersed all our (downtown destinations) we need a separate bus route that we have to pay for." On the same theme, another

participant commented that the Spirit "doesn't run during peak times. It's not meant for people who live downtown, but people who visit downtown during business hours. It's nice for tourists, if you're not in a hurry." All participants agreed that ideally, good planning would ensure that downtown amenities would be located in close proximity to each other with access provided via a quality pedestrian environment. Since amenities in downtown Winnipeg are dispersed, participants felt that a shuttle, targeted to the needs of downtown residents would be beneficial. As one participant noted, "the most positive thing for me has been the water bus (River Spirit) system. In terms of thinking about interconnectivity, I can certainly see the results all the time." The downtown walkway system received few favourable comments, and was seen to have been developed at the expense of a quality street-oriented pedestrian environment. The walkway system was seen as a triumph of private, commercially controlled space over the public realm.

5.2.6 Downtown housing should be provided in distinct, residentially oriented precincts as well as throughout the entire neighbourhood.

Participants identified two ways in which housing should be developed downtown: in residentially oriented precincts within and adjacent to downtown, and as secondary uses dispersed throughout downtown. These two types of housing were seen as having different opportunities and constraints, depending on the lifestyle of the resident.

A number of participants preferred residential units that were right in the mix of active, downtown uses. As one participant noted, "my favourite downtown is Montreal . . . I enjoy it because of the mix of commercial uses, with restaurants and shops on the ground levels and residents above. At different times of my life I would have loved to

live in that environment." However, other participants felt that sort of environment was too susceptible to incompatible land uses, such as arenas, nightclubs, etc. As one participant commented,

> By putting things like arenas downtown it basically dictates the tertiary uses too. How many people want to live right next door to an arena, a gentlemen's club, or any sort of the bar circuit. That's a difficult thing. The idea of an entertainment strip works better in an area that's not being groomed for residential uses.

It was generally agreed that housing units of that nature are more suited as rental units rather than owned, as adjacent land uses may have a negative impact on property values. As well, those who appreciated a more active environment were often at the stage in their life where renting was more appropriate than home ownership.

A number of participants appreciated being able to walk to an active, stimulating environment but preferred their own residential environment to be distinct and separate from that activity. Winnipeg's physically large downtown environment was seen as a benefit in that regard, providing an opportunity for stable, distinct residential precincts close to the action. As one participant noted,

> I see the downtown as being a collection of neighbourhoods. Our downtown itself is so huge, you can't really think it of as being 'our' neighbourhood. You talked about how easy it was in Brandon to walk from one end of downtown to another. The scale of Winnipeg – I think you need to focus on what area is a neighbourhood and does it have all those things that a neighbourhood traditionally has. If you talk about increasing housing in terms of an apartment above a store, or one isolated building on Kennedy or Donald street, I don't think for most people – that will attract a certain niche – but more people I think would appreciate the kind of development where it is centralised around Central Park for example. Or South Broadway, where it's mixed with other services but focused around a park or principal residential street where you don't have heavy-duty traffic flow. It has a different character, a different scale, a different level of landscape detail, and scale of buildings.

As well, creating downtown districts where residential uses are primary can help to protect against the incursion of commercial or retail uses that may generate higher land values and force out residential uses.

In summary, as one participant noted, the market for downtown housing is diverse:

> Some people want to live above the stores, some across from the stores, some want to live on the same block as the stores, some don't want to live anywhere near the stores. And there's a niche for every one of those types of people.

5.2.7 Downtowns must encourage a diverse residential population.

The populations that wish to live downtown are diverse, and participants argued that this diversity must be encouraged. It is one of the defining factors that help to make downtown neighbourhoods distinct – 'accommodating' and 'welcoming' – from their suburban counterparts. One participant, arguing that this diversity was lacking in downtown Winnipeg, commented:

> We see the extreme – the suburb – that doesn't have that mixed use. Our downtown is becoming one extreme – the other extreme that doesn't have that mixed use. We want that kind of diversity so that within the downtown there can be those smaller communities.

In particular, downtown residential neighbourhoods must accommodate a wide range of income levels. As one participant noted,

> Another city that was quite interesting to visit was Reykjavik . . . in terms of economic class, you can actually go up and down all the streets in the old downtown area and they are the 'primo' places to live. Poor nestled up against the rich. And because all the houses look the same, it's kind of like it's a great equaliser. Many people didn't own a house – they would own a suite in a house. There is this real financial mix in the most interesting places to live. Everybody, it just doesn't matter in the end how much people make but you can actually still live on the same street.

Generally speaking, participants agreed that tolerance and diversity, particularly as it relates to citizens of various ethnicities, cultural backgrounds, and sexual orientation must be encouraged.

5.2.8 The existing residential population must be protected from gentrification.

While participants feel strongly that it will be beneficial to bring new residents downtown, this cannot be done at the expense of existing residents. Gentrification and dispersal was expressed as a concern, particularly as it relates to residential hotels along the north Main Street strip, and the potential conversion of industrial space in the Exchange District into upscale residential units.

Participants noted that previous revitalisation strategies, whether by design or by chance, have resulted in the dispersal of existing populations. In the opinion of one participant,

> I think (the purpose behind) a lot of the work that's been done in Winnipeg that is considered to be 'revitalisation' has been to get rid of the people. The Legislature was the gay cruising area. The weird sidewalks and medians on north Main were to get rid of native people. A lot of 'cleaning up' has been devoted to removing people.

With respect to north Main Street in particular, participants argued that although a permanent population existed, they were removed in order to facilitate the gentrification process. Commenting on the expropriation and closure of a number of hotels along north Main, one participant pointed out:

> North Main is (was) not just a hotel strip; it's 80% permanent residents. They're not hotels, there is no transient population, these are people who have been there for years and there are no services up there . . . regardless of the high-end condo development in the Exchange District there are people that are next door – what happens to those people – are those hotels going to be destroyed for a new wave of residential

> development? That is residential development already. It's not a transient population; it's a permanent population.

Another participant agreed, noting:

> You look at Higgins and Main. I drive there a lot with different people and they think 'it's great.' I find that comment devastating – where are the people going? They are not dissolving. They are going someplace and I don't know where that is.

Artists currently living or working in the Exchange District shared similar feelings.

Parallels with residential displacement on North Main were noted:

> In the Exchange District, there used to be more residential hotels in that area. A lot of them got torn down – The Savoy, Oxford, the Leland . . . Decisions are being made to change the use or remold a neighbourhood (without) considering people who are being displaced. It is their neighbourhood. These people have to go and move somewhere else. If say for example the Exchange is being targeted as a residential area, does that mean they are going to address the people who are current residents? Or are they going to displace them and decide they want a different segment of the financial echelon instead?

As well, artists are being displaced from their studios in the Exchange. Many are illegally used as both living and working spaces, partly as a lifestyle decision and partly due to financial considerations. One artist noted:

> The reason why I'm in Point Douglas is because I was displaced from my studio of a dozen years (in the Exchange). That's becoming a recurrent theme – either rents are going up or (landlords) aren't taken to negotiating reasonable leases anymore. People have a sense that . . . the owners of buildings may change the use so they're not as willing to give reasonable leases anymore.

It was unfortunately noted by all participants that niche communities, through inadvertently initiating or encouraging the gentrification process, become the authors of their own demise.

5.2.9 Niche communities are the key to creating demand for new downtown housing.

In terms of stimulating demand for downtown residential development, niche communities including students, artists, and the gay/lesbian community can play an important role for a variety of reasons.

All participants commented that downtowns were ideally suited to provide a diverse, tolerant and stimulating environment – a quality which most suburban neighbourhoods lack. As one participant noted,

> I think that all of those (niche) communities do not want to live in a homogenous living situation. All of these communities don't want to (live) in a suburb that's monoclass, monorace . . . they want the stimulation and the culture (that can only be found in a downtown environment). And they fear persecution in environments where everything is the same.

The view of tolerance was also critical, particularly as it relates to issues of sexual orientation. Although participants generally agreed that Winnipeg provides a relatively tolerant environment, this was seen as a positive situation that needs constant encouragement. As one participant noted,

> Winnipeg doesn't really have a queer district, but when you think of Toronto or Montreal a lot of them live in areas where there is higher affordability and a place for people to have similar lifestyles. A place that's heterogeneous, but also a place where you can relate to your neighbours. And safe as well. I think for the queer community building a safe enclave – I'm thinking of Church Street in Toronto, or St Catherine in Montreal –where you can move through your neighbourhood and feel safe, is desirable.

Artists were also keen on encouraging the revitalisation process through developing residential spaces downtown, but had different concerns from those expressed by students and the gay/lesbian community. Artists, more than any other group, are price-sensitive. Currently, most participants who currently live downtown do so because of the

availability of affordable housing. While this is somewhat of a choice for students and the gay/lesbian community, it is less so for the artistic community. Compared to the student or gay/lesbian community, the arts community is more homogenous in terms of income than other groups. These incomes tend to be lower as well, resulting in fewer housing options. According to the artists who participated in the focus group, industrial spaces such as those found in the Exchange District and Point Douglas are ideal because they offer an opportunity to provide space in which to live and work, which is practical not only from a cost perspective but desirable as a lifestyle choice as well. Unfortunately, what has happened in so many cities (and what appears to be on the verge of happening in Winnipeg) is that artists are beginning to be priced out of the market. As one participant noted,

> What we're seeing in the downtown, and in the Exchange District, is that one of these key communities – the artists, which could be avant-garde and pave the way for more residential use – are in fact being forced out by commercial and residential development. Artists have been in the downtown for a long time living downtown in their studio spaces but they cannot do that anymore.

Although many participants felt that downtown housing should provide a wide range of options suited to different income levels, artists are particularly price-sensitive, much more so than students – the 'temporary poor' – and the gay/lesbian community.

5.2.10 Residential spaces must be modest and flexible.

While participants generally agreed that diversity should be encouraged in every aspect of downtown housing, they were somewhat less varied with regard to their own particular housing needs. Participants felt that they represented the niche market best suited to stimulate downtown revitalisation through residential development – not empty nesters

or others with a higher disposable income. With that in mind, the discussion attempted to gain insight into the nature of the market through identifying the needs and desires of this particular niche market.

Two interrelated themes in particular arose from the discussion. First of all, housing units (whether they are for sale or for rent) should be modestly priced; secondly, they should be designed and marketed to provide a flexible environment, one that can be customized to fit the particular needs, lifestyle and financial capacity of the tenant.

Although participants expressed the desirability of living in a neighbourhood that provides housing units aimed at a mix of incomes, it was felt that modestly priced housing would help to initially stimulate the market more so than units targeted to upper incomes for three reasons:

- modestly priced units would more closely address the demographic needs of their particular community;
- the market for more modestly priced units is larger (in terms of raw numbers);
- modestly priced units are better able to compete with more expensive, suburban units that offer more amenities and less risk in terms of price stability.

One participant, commenting on the proposed artist live/work component of the former Big 4 Sales building addressed both issues of price and flexibility, noting:

> The Big 4 space was supposed to include artist live/work spaces. Shelter (the developer) said the costs were higher than they had anticipated and of course it would be too expensive (i.e. priced beyond the intended market). It ended up being commercial space. Part of the problem with that project was that Shelter wanted to do all the finishing, and artists and even the arts groups moving in there said 'no, we want to do the finishing ourselves. Because you don't know what we need. We need really specific things.' But for the developer, the money is in doing the finishing and then charging it back. I think there would be a huge demand for unfinished space – space that people could personalise.

Participants felt that allowing a tenant to customize the unit was beneficial particularly from a price aspect but also in terms of addressing particular lifestyle needs. Questioning how developers perceive the market, one participant commented,

> At an appropriate price, you could finish it as your finances permit. 181 Bannatyne has three bedrooms (and is priced at approximately $150,000/suite). Even the market research that developers use indicates that it would be full of empty nesters. I don't know who they think would be buying these suites.

More affordably priced units would also be competitive with suburban units, particularly when downtown units are perceived to be a more risky venture. Commenting in favour of modestly priced units, one participant noted:

> Show me a vacated warehouse that you can buy for the price of an average house in Wolseley or Fort Rouge. Why would you make that trade-off; why pay twice as much for this product? For those who still can't reach that economic level, it still would be nice to have something that is more basic. Less developed. Let the residents have their way with it.

Supporting this argument, another participant commented:

> Lofts are great. I would love to live downtown in an open space . . . a former industrial space. But the housing market in Winnipeg is relatively inexpensive. I don't know if people will spend $200k on an apartment when you could get a perfectly good house for $70k.

The open nature of a loft-style residential unit held a lot of appeal for all participants, both in terms of the adaptive re-use of heritage industrial buildings in the Exchange District and also for new construction. An open environment was considered to be a more efficient and desirable use of space, particularly when considering relatively small units. For artists and other residents who share their living and work space, an open environment was considered to be more conducive to facilitating this lifestyle. Open living environments are another characteristic that may help define the concept of

downtown living when compared to suburban environments. As one participant concluded,

> Why would you not just want (your unit) to be open space? I don't understand. What makes it more desirable than living in a typical apartment is the openness.

5.3 Chapter Summary

In summary, the following themes arose from the focus group discussion:

1. Approaches to downtown revitalisation that focus on large-scale redevelopment projects have not proven to be successful;
2. Developing housing downtown is a viable strategy for downtown revitalisation;
3. Today, most decisions to live downtown are made for economic reasons;
4. There is a demand for new downtown housing units;
5. Downtown must provide a pedestrian-friendly environment with good public transit;
6. Downtown housing should be provided in distinct, residentially oriented precincts as well as throughout the entire neighbourhood;
7. Downtowns must encourage a diverse residential population;
8. The existing residential population must be protected from gentrification;
9. Niche communities are the key to downtown housing;
10. Residential spaces must be modest and flexible.

These themes validated many of the theories provided in the literature review, and discounted others. In particular, the role of housing in the downtown revitalisation process, and the role of niche communities within the downtown residential market was confirmed as critical. The work of Quercia and Galster (1997), which suggested that the

middle class has a stronger role to play in the revitalisation process, received little support.

The information provided in this chapter will be synthesised with the themes identified in the literature review to provide a framework for future discussion with downtown housing developers. The discussion with developers will help to validate the themes that have arisen so far, as well as gather new information on the perspective of the development industry regarding the role of housing in the downtown revitalisation process including the nature of the downtown housing market itself. In summary, the discussion that arose during the focus group has helped to substantiate new ways of thinking about the nature of downtowns, as well as alternative or emerging strategies for downtown revitalisation.

6.0 RESULTS: THE PERSPECTIVE OF THE DEVELOPMENT INDUSTRY

6.1 Introduction

A series of qualitative interviews with developers of residential units in downtown Winnipeg and adjacent neighbourhoods was carried out in May of 2003. The questions, provided at the end of the document in Appendix C, were intended to stimulate discussion regarding the role of housing in the downtown revitalisation process, the nature of the downtown residential market, and ways in which to stimulate the development of additional downtown housing units. Results of the focus group, as well as techniques identified through the literature review, formed the basis for the questions. The following themes arose during the developer interviews, and when synthesized with the results of the focus groups provide a series of recommendations for future action.

The qualitative interviews were conducted as planned. As was the case with the focus group interviews, research subjects shared certain biases and opinions. This was due in part from the strategy employed in recruiting interviewees. A decision was made to recruit only those developers currently active in the downtown housing market. Only active developers would have first-hand knowledge of the nature of the market, as well as obstacles faced in their day-to-day activities. Interviewing housing developers that were not active in the downtown market might have increased the potential for misinformation, as it may reflect opinions and hearsay rather than fact. Due to the limited number of downtown housing projects under development, the pool from which to draw research subjects was limited. As is further discussed in Chapter 6.2.6, the biases of these participants became obvious due to their similar backgrounds and perspectives.

6.2 Results

The results of the interviews with downtown housing developers were grouped according to theme and summarised below.

6.2.1 Housing is a viable strategy for downtown revitalisation.

Participants were strong advocates of developing housing downtown as a strategy to encourage the downtown revitalisation process. Housing was seen to bring particular benefits to the downtown as well as facilitate the transition to a more mixed-use neighbourhood which all agree is desirable.

Traditionally, housing has been a part of a vibrant downtown community. The benefits of housing downtown are clear to developers, particularly when compared with suburban single-use neighbourhoods. As one participant noted,

> What it does, obviously, is (ensure) that there are people actively using the space at all times of the day. As opposed to the suburban model where – look at housing or office – if you have an enclave of just housing no one is there in the daytime. There is no place to shop, no place to work. Everybody is forced to get in the car or get on public transit if they have it, leave there and go downtown. What we have is a situation where there is all this infrastructure and transportation required to get people from work to home, home to work, then from home to a place to do something.

Participants agreed that a larger residential population base downtown would encourage the development of shops and services to support that population, and facilitate the type of mixed-use character often found in desirable neighbourhoods adjacent to downtown. The benefits of a mixed-use community are clear, and many of them are represented in the opinion of one participant as expressed below:

> I am an advocate of finding ways to put the activities of people and families into closer proximity so that there is less transportation required. If there were more people, say 15000 people living in downtown Winnipeg, they could walk or take a short transportation route to work that is really efficient – not spend half an hour on the bus. That would have an incredible impact on what was going on in that place. It would mean that there would be stores to provide services to those people that live there. There would be activities that would spring up so that there would be activities for people to pursue. Plus obviously there are people working there. Simultaneously there would be a ripple effect of creating a vibrant atmosphere where things happen at all times of the day. There would be a total mix of activities from work to leisure to living that would all be happening in a concentrated area. In the big picture, it would make people happier because they would spend less time trying to get to and from these activities and it would make the environment happier because we would be using less fossil fuels and creating less pollution as we go about our daily life.

As the nature and functions of downtowns change, residential development has been used successfully in other downtowns to absorb excess commercial and industrial space. Cities from Vancouver to Manhattan have converted commercial hi-rise structures from office to residential use. The same trends are evident in Winnipeg's Exchange District:

> Most of these buildings were warehouse buildings used to store machinery and equipment, clothing etc. Where is industry now? Industry is out on the suburban fringe because of trucking, and because they can make new buildings that are more functional for their use on a greenfield site for less cost. They don't want to be here anymore. You need to advocate for the transition from an urban core as a warehousing area to a residential area, or it is going to disappear right away.

One participant, expressing his frustration with City Hall, argued that more should be done to facilitate the adaptive reuse process:

> Surely you should be able to rent an interesting place to live in one of these goddamn buildings. Most of them are empty. If I was you, I would be writing articles to the newspaper kicking ass and asking 'what the hell is going on here? Why can't all the people paid to run my city get things organised so that somebody can take this asset and resource (the existing buildings) and turn them into housing?' There is no other sensible use for the buildings in the Exchange District other than housing. Absolutely no other, no commercial use.

Participants also suggested that more attention be paid to encouraging the role of culture in the downtown revitalisation process. When compared to other Canadian prairie or Midwestern cities, culture was described as an asset unique to Winnipeg. Culture cannot be bought, and cannot be replicated. As one participant suggested,

> Wave a magic wand over Winnipeggers and Canadians that would make Winnipeg be thought of as an incredible cultural centre like Vienna, Austria or something like that. Everyone would love it here, and then the problems would all disappear. Instead of thinking negatively about the downtown, people would think we have the most interesting downtown within 1200 miles. We have water and beaches within the city . . . everything else would follow from there because Winnipeg would grow.

The role of culture in the downtown revitalisation process and the role of citizens that encourage it should be the subject of further study.

6.2.2 Niche markets can be a catalyst for housing development downtown.

Developers of downtown housing units acknowledge that downtown housing needs to be marketed to particular niche communities, rather than the mainstream suburban population. While developers feel that the perception of downtown as unsafe is not necessarily true, perception becomes reality. Downtown housing does not appeal to the mass market, as typified by conventional suburban populations. As one participant noted,

> The only people that don't care about the perception of downtown as unsafe, or dirty, or that there are unsavoury people around, are people that are very self confident and not worried about their image. They're looking for alternatives to the accepted lifestyle that in cities all over North America is essentially a suburban PUD (planned unit development) model – where the downtown has been left behind and all development is behind a suburban freeway. They are perceived as safe, green, having parkland – a suburban lifestyle. That's where all the money goes. The perception is that's a safe, appropriate, proper place to live.

Downtown housing must be unique from that found in suburban neighbourhoods, because as one participant noted,

> Winnipeg is such an easy city to get around in (with an automobile), housing prices are so cheap here and commuting becomes so easy. People who want to live downtown are going to do so because they prefer an urban setting as opposed to places that have lots of trees and rivers, etc.

The Ashdown Warehouse project in the Exchange District was held up as an interesting project that unfortunately was not financially viable. The Ashdown Warehouse targeted upper-income residents, with units priced at approximately twice the cost of an average suburban home, parking spaces included and floor plates of approximately 1500 square feet (including two bedrooms and two bathrooms). Participants believed that the developers of the Ashdown Warehouse had misread the market by attempting to appeal to upper-income suburban residents. When asked why warehouse lofts (such as 181 Bannatyne which has been on and off the market recently) tend to be targeted to such markets, participants indicated that the physical structure of Exchange-era warehouse buildings are not easily developed as small units.

> It's a factor of form and building envelope. A warehouse building does not lend itself to an acceptable apartment that's small, for one simple reason – layout. There is a different form you have to deal with in a warehouse. What can you do? 181 Bannatyne is 50x125 feet. The only choice you have is to lay it out (with large spaces at either end, and a central staircase). They should have cut a hole out of the building and created an atrium. For some reason they did not do that. It would have helped the problem.

As well, Exchange District warehouses are so large that the market could not absorb the construction of so many units at once, at this point in time. Unfortunately it is not feasible to convert buildings gradually over time, because investments in the building envelope and HVAC equipment must be made up front. Developers cannot afford to recoup their initial costs over such a long period of time.

Rather than looking to the mainstream suburban population as a potential market, downtown housing developers are actively targeting niche communities such as students, artists, and immigrant or ethnic populations. Developers also recognise that more modest units, priced and sized accordingly, will be more marketable to the demographics of niche communities. One participant described his project in the following manner:

> In our building (near the Princess Street Campus of Red River College), every single unit – there are 9 units on the upper floors and 7 below – are all different. We squeezed out a unit that's 550 square feet, a 650, a 750, and a few at about 820 and two that are 1000 and 1150. Our first plan was to do condos, six per floor, ranging from one at 850 square feet and the rest were 1000-1500 square feet. And that was because we had a bedroom, a nice living area, and we had to utilize the space, so we ended up with a big space.

The project was reconceptualised from a spacious, condominium project to a more modest rental project. In describing the target market for this project, the developer noted that

> The only people that I believe will move into this place when we open the doors, particularly with the rental model – which I believe is the only model viable for the Exchange District – would all be in that category you're talking about. Students (of the new Red River College campus on Princess Street), young professionals without children, alternative lifestyles, and possibly people in the Asian community which might be attracted due to the proximity of Chinatown. The one thing that I've used at (this project) as a selling feature is the presence of an existing node of residential activity. There are two multi-family, multi-generational residential buildings there that already have about 220 people living in them.

Developers agreed that at this point in time housing units geared to the rental market are more feasible to develop than for the condominium market, despite their preference to construct condominium units. With a condominium project, the developer recoups the initial investment much more quickly. There are no issues associated with the ongoing management of a project. However, a condominium project places much more risk on

the consumer – risk that in today's market the consumer is unwilling to take. As one participant noted,

> Resale value is important for anyone. The home will likely be the largest purchase many people will ever make. That means that they will often want a certain amount of stability. North America is different from Europe in that Europeans are much more accepting of rental units. In terms of ownership, it becomes a condo type of tenure and because of mixed use it can become quite complicated. As more expensive housing gets constructed closer to the river that should hopefully increase the mix as well by adding in a more upscale element.

Participants felt that initially, modest rental units are more marketable in the downtown. As the neighbourhood stabilises and becomes more popular, it will become easier to sell more upscale, owner-occupied units. A key ingredient of this stability is encouraging a cluster of residential projects to develop, providing a population base for support services to emerge and offering a level of comfort that adjacent land uses will not conflict.

Developers have identified the arts community as potential downtown residents for a variety of reasons. As indicated in the literature review, artists are looking for an alternative to a traditional mainstream suburban lifestyle. As well, the building stock in particular downtown neighbourhoods is conducive to live/work spaces. Finally, many artists appreciate living in proximity to cultural facilities such as galleries, theatres, and studios. One developer, proposing to construct downtown housing along north Main Street, characterised his project and the nature of the housing market for artists in the following way:

> I thought Main Street was doable, I could assemble some real estate and get a critical mass, and artists by their nature are people who don't necessarily like to live in the mainstream. They enjoy something that is sort of on the edge. It is so close to the cultural centre including the Concert Hall and theatre district that you could give it a Disraeli focus and avoid the negative connotation associated with Main Street. You get Main Street prices, and I could encourage artists to come into the space and keep rents affordable.

A cluster of buildings was identified, in order to control the character of the neighbourhood and encourage a critical mass of activity to develop.

> The other factor is that artists, when looking for space, are looking for large loft-style spaces as cheaply as possible. This becomes very hard to provide as an area starts to evolve and develop, and I'm not even sure this is possible on Main Street. When I looked at Main Street, it was a matter of luck and timing. (This property) had come up for sale and I felt strongly that to control the neighbourhood you had to introduce the positive but control the negative. Owning and controlling the hotel gave me the opportunity to manage the type of people and their behaviour through responsible serving of liquor, etc. The adjacent properties were assembled in order to create a park-like setting in an area that most people consider an urban blight, and create a bit of a gem. I look at it as an urban oasis.

The developer chose his property because the location was within close proximity to a trendy, cultural district visited by mainstream populations yet far enough away that property values were low enough that he could provide housing units at reasonable prices.

> Artists don't seem to mind that there are street people down the street at the Salvation Army. There is a really mixed culture – Aboriginal, Asian, European, long-time residents, etc. Just ensure that the people who support the arts – the mainstream people – feel comfortable. The artists will feel quite comfortable. Artists mixing with artists bring a tremendous energy level. The fact that they are struggling to make an income puts them at the lower end of the market. Because the site is so close to City Hall and the cultural centre, and adjacent to the Exchange District, there is an opportunity to enhance their income level by living on the edge but selling to mainstream (markets). That's how I approached the project.

In order to ensure that the project remained financially accessible to the residential market for artists, the developer planned for a modest combination of floor area and amenities.

> My units on Main Street started off as units that were going to be relatively small, maybe 500 square feet, where you would have shared washroom facilities. Much like a hostel. That has changed because of the funding available. Affordable housing funding would allow me to put in toilets and showers in each unit. Many things – and hostels are great examples – that kind of

> accommodation, properly managed will satisfy people at a particular price point. As long as they are well maintained and controlled. And that can drive your costs way, way down. Tricky to finance, but for artists it's perfect. I have had a great response from consumers so far. We are talking $300-$600 for a kind of neat space, not $900-$1200. Can I do it? I don't know.

The nature of the market is somewhat transient. Niche communities do not necessarily intend to live in a downtown residential neighbourhood for a long period of time. At this stage of development the market for downtown housing is narrow.

> People are beginning to buy into the project. We can easily get 500 residential units that cater to students, cater to transient youths, and to young people like yourself who may want for a few years an alternative lifestyle before you get your condominium on Wellington Crescent or your bungalow in Charleswood. You have to have a relatively safe environment, but you also need other things happening. The bar scene, the arts and culture scene, the ability to walk down the river to The Forks. You need that mix.

In order to create a truly mixed-use neighbourhood, in theory downtowns should offer residential units for people at all stages of their life. This may or may not be a realistic expectation. This question provides an interesting foundation for further research.

The concept of personalising the living space, and allowing residents to finish the space as lifestyles and finances permit was raised with developers. While all participants agreed that in principle it was a desirable goal, in reality there may be a few obstacles. As one developer noted,

> I think (the concept) is realistic. It has been tried, and I would do that. The problem is financing it. You need a non-traditional lender. If you are wealthy you can finance them yourself. But most banks finance projects on the basis of whether or not they are sellable, and banks would say 'this is just a shell' and be leery. Whereas someone like yourself would see an opportunity. I think it's a great way of going about it, and that there isn't any reason why it couldn't work. The only question could be who manages it. People are concerned about resale value. When you go into a finished space, it's at a certain price point, a certain quality or calibre. When you go into a shell, how do you control what your neighbours are doing? It could be upgraded or downgraded very quickly. You would need to find a way to manage that process. They may need an owners group. But it is a very sound idea.

However, a competing developer was less confident in this approach, arguing that it would reduce the profit margin of a project already competing for capital against more profitable suburban residential projects.

> Part of the deal is that it provides part of the profit for the developer. If I have a 1000 square foot space, and construction costs in a warehouse are $75/square foot, that's where I make my profit. I don't want to sell it for simply what it costs to put a demising wall up and nothing in it and sell it for $25k less. It's simply less profit. You make a profit on the interior fittings.

However, developers will build a unit to serve the particular needs of their client. This is possible when the scale of the project is relatively small. While it results in a more personalised unit for the client and does attempt to reach a niche market, it does not address the issue of affordability.

> The few places like the condos at 123 Princess – he did that. He built the units and personalized them for the owners. The other at 103 Princess did that as well. They were such small projects that they could be individually marketed – they created those units expressly for their customers and adjusted the price accordingly.

6.2.3 There are many obstacles to developing downtown residential units, including:

6.2.3.1 Perceptions of safety and the current character of downtown;

Respondents indicated that the perception of downtown as an unsafe environment is perhaps the most significant obstacle in creating demand for downtown housing. They argue that while statistics show that downtown neighbourhoods are relatively safe, there is a perception that downtown neighbourhoods are less safe than suburban neighbourhoods or even neighbourhoods adjacent to downtown. As one respondent noted,

> Over the last few years in working here, the word 'safe' would have to be at the top of the list of things that I'm concerned about, in terms of housing in Winnipeg's core. It is so important. I could have everything in place, and if there was a perception that this is not a safe place to live, that unless I was renting and renting at rates that were at or below the market. . . How do you sell a condo when you read about murders in the headlines? People will say 'what will our friends think.' Who is going to have the perception that it isn't seedy and it is wonderful? A very rare market niche.

Respondents noted that it is particularly difficult to encourage the condominium market when there is a perception that the neighbourhood is unsafe. Although there are residents that are able to overcome the perception, they prefer to rent rather than own their unit as they consider an investment in downtown housing to be a risky proposition.

6.2.3.2 Difficulty exists in obtaining project financing.

Respondents agreed that difficulty in obtaining project financing is a significant obstacle in developing new downtown housing units. One reason for this difficulty is the lack of market information on the demand and supply of downtown housing units in Winnipeg. As one respondent noted,

> There is always a big question about 'will it work.' I cannot really prove (that my project will work). This goes back to the housing industry – there is no information on (housing) sales downtown. The reality is in most cities, Winnipeg included, there are hard numbers for suburban areas and there are no hard numbers for core areas to base your research on. When you go to the bank, you are sitting with a conservative lender who says 'prove to me this will be successful.' What is your business plan? Where are the hard numbers about absorption rates? Show me how many have been built and how many have been bought.' What is the occupancy rate or sale rate?' Winnipeg's market virtually has no numbers for the downtown. There is such a small number of conversion of existing buildings or new construction built that there is no data. I can create a project, have all kinds of input from the kinds of markets I'm looking at (tenants in a rental building), and feel that I could rent the entire building the day I open it but when I go to the bank I may not be able to finance the project because the data isn't credible.

Developers are also faced with competition from suburban residential projects for limited investment dollars. Because of Winnipeg's slow population growth rate, financiers are not willing to risk their investment on a neighbourhood with little market information. As one respondent noted, why would any bank invest $1.5 – $3 million in a project downtown when they could invest the same money in a proven suburban market like St. James or St. Vital? Respondents indicated that instead of financing a project comparable in scale to a suburban project (between 100 and 200 units), they were forced to self-finance much smaller projects or work in partnership with other developers or construction industry professionals to spread out the capital requirements.

Respondents felt that there is a role for governments to play in terms of ensuring an adequate supply of capital. As one respondent noted,

> Governments have to provide pressure on traditional financiers and insurance companies to be able to provide financing and insurance in high-risk areas, otherwise the public sector has to perform that function. If you can't get financing or insurance for a building, then we're really going to have a ghetto. There is too much risk for the private sector. Pressure has to be brought on to the lenders to ensure a project is secure.

The difficulty in obtaining capital and insurance emerged as one of the most significant obstacles faced by downtown housing developers. Further research should be undertaken in order to address this complex issue.

6.2.3.3 The lure of commercial opportunities.

Respondents offered a variety of opinions regarding the competition between commercial and residential uses for development dollars. Downtown development in

Winnipeg has been characterised by the conversion of residential space to commercial space for decades. When questioned about the possible character and use of Waterfront Drive, one respondent felt that commercial uses would once again drive out residential uses (for both new construction and adaptive reuse), for the following reasons:

> Commercial requires lower investment and generates a higher dollar. Generally commercial takes more space, will sign a long-term lease, and pay for their own renovations to customize the space. Residential involves smaller square footage, year-to-year leases, and higher capital costs. There should be a way to equalise that, and it should be through the tax system. If you want to encourage downtown residential, get rid of property taxes (on residential development). Maintain property taxes on commercial. From the cities point of view, it is likely taxes would be the easiest thing to control, as well as zoning. From a developer's point of view, it has to be profitable and affordable for the particular market.

There was no consensus on this issue among respondents. Another developer indicated that while a preference for commercial development may have existed in the past, it is not a factor today.

> There is no demand for commercial in Winnipeg. It is a dead duck. We have a lot of commercial buildings, and there's no growth (in the commercial market). You can count up the major corporations that have left over the last 15 years, and nothing has come in here. The market is flat. Anyone who wants to talk about commercial does it because they love commercial. Commercial is beautiful. If you live in an environment where there is demand, the tenants are perfect, they pay long-term leases, they have to pay for everything – it's the dream for a landowner to have commercial. In Winnipeg, if I wanted to make my building commercial in the Exchange District, it would be my first choice if there was a market for it. Who wants to deal with a bunch of whiny tenants?

6.2.3.4 Bad planning.

Poor planning decisions were cited by all respondents as factors negatively affecting their efforts to encourage downtown residential development. Urban sprawl was seen

as a severe problem, exacerbated by the fact that Winnipeg has a very slow rate of population growth. As one participant noted,

> To get (housing) to work downtown, planning a city in general has to draw a line on approving new subdivisions. We don't have the growth, and we truly don't have the demand unless you take it from Point A and put it in Point B. That's been obvious for years, and yet we continue to do so. It's great that this new suburb out by the University (will be based on an innovative design), but when are we going to learn?

Another participant supported that argument, commenting that

> Crass developers are out there in the suburbs wanting to build, and they do. There is a new development out by the university, and suburban offices and condos when there is no demand. It is so easy to do that out there.

The relationship between urban sprawl, single-use zoning and social stratification has also become a factor, with one participant noting that

> Because of the 'problems' of the downtown and a history of bad choices in terms of zoning and managing development, what has resulted in Winnipeg and most cities in North America is a situation where we have allowed the city to become (racially) stratified, resulting in a lack of a confidence in the core area. A whole host of factors force people to move out. I believe that they can be reversed and changed, but it requires a tremendous effort. Some cities are doing it, and others aren't or aren't able to.

In addition to racial stratification, poor planning decisions have also resulted in income stratification:

> Winnipeg has not been able to control urban sprawl. Look at the level of wealth that has moved outside of the city. (With the exception of a few neighbourhoods) the poor live in the core, and then it gets more wealthy as you move out.

Participants felt that one way in which to address this stratification is to encourage the mixed-use character that originally defined downtowns. Permit a variety of land uses, housing types and tenures, and provide an environment which is less regulated by zoning and other control mechanisms.

> Provide design guidelines for what the architecture should look like and how buildings should relate to each other. Put more eyes on the street to provide more safety. Allow people to extend their hours on the street by providing amenities and opportunities to bring them out. Permit those kinds of uses to take place. Permit them to live above their buildings. Don't give people permission to build a one storey commercial building. Put two good townhouses up top with balconies over the street. You can't do one without the other. You shouldn't have the right to board up upper levels, as on Osborne Street. Planners should stop that. Politicians as well.

Participants were critical of previous revitalisation strategies, as they either conflicted with their efforts to encourage the development of new housing units downtown or did not provide the necessary level of support for the market to stabilise and gain momentum. One developer argued that the lure of downtown living used to be the proximity to unique shops, services and other amenities. Today however, downtown residents often have to leave the neighbourhood to find the basic goods and services they need.

> Big box stores, which are replacing malls, build multimillion-dollar projects and people go there for the shopping experience. You can go to any mall, same store, same place. You don't need to travel across the city. The Forks offers an alternative to that, which is good. North Portage missed the boat. If they kept old Portage between Eaton's and The Bay, and kept that pedestrian orientation and character instead of building another mall – the mall was such a disservice.

Participants also expressed concern about the impact of destination-oriented megaprojects on the downtown housing market. In particular the impact of the True North Entertainment Centre was seen as being incompatible with the certain types of housing. One participant, commenting on the nature of compatible land uses downtown, noted that:

> Say you were going to try and create a multi-use building next door to the new arena. I can understand why people would not want to live beside that. What is going to happen is that there will be an influx of (thousands of people) for an event. When games happen, there will be all those people from the suburbs in their cars rushing to get to the event, the streets will be packed and crowded, difficult to get in and out. I can understand why people would not want to live

> beside that. When people come out, they're going to be rowdy, they're obnoxious, they're probably drunk. I personally would not want to live next door to a venue such as the True North Centre. I wouldn't mind living next door to a cultural facility such as the Centre Culturel Franco-Manitobain, or perhaps the Ukrainian Cultural Centre of the Concert Hall. These are quiet places. Why would you not want to live next door to that? Sports and entertainment facilities holding 15,000 people is a problematic function for a downtown unless you have a public transportation system that will service much of the activity. This mass of people coming and going isn't conducive to creating a strong residential node. I wouldn't put housing within a block or two of that use because I don't think it's appropriate.

6.2.3.5 Rent controls.

Finally, participants saw rent controls as an obstacle in creating rental residential units downtown, not necessarily for themselves individually but for the industry in general. While they do not necessarily render a project unprofitable, rent-controlled projects will become a less attractive investment than other condominium projects or projects in suburban locations. In addition, rent controls prevent the property owner from benefiting from a general increase in value resulting from a neighbourhood-wide revitalisation, despite the risk assumed from the outset.

> Rent controls have kept rents artificially low in this city. It prevents me from building new, because you can live anywhere in the city and market rents are pretty low. If I can buy an existing house for $60k, and it costs $130k to build it new, I might as well buy an existing house, rent it out and get a good return. If I build new I need to get twice the money for the same space. (Rent controls) have kept the market artificially low, where supply and demand usually takes care of that. Unless I get 40 year financing at really low interest rates, building new (and renting) will never bring a return on my investment.

Although there is a moratorium on rent controls for new construction, respondents suggested that only a total removal of rent controls would stimulate new construction. Removing rent controls would stimulate an industry-wide increase in property values, necessary to make their projects competitive with existing housing projects. Since the financing and profit-taking on rental properties takes place over the long term, any

suggestion that rent controls may apply in the future to a property constructed today was a concern to developers.

> One of the building owners in Winnipeg has a significant number of rental units, over 2000. It's a family business, they are great landlords, and they built them in the 1950s. I asked them if they were interested in building a new building, and they were not because of the issue of rent controls. But there is a moratorium on new units coming onto the market for 15 years. But the person said that was the problem, because in 15 years you're just starting to pay for the project and then who knows. When you add it to the GST and other market uncertainty and taxes, it just is another factor that the lenders look at and say 'oh boy.'

Participants argued that rent controls place the burden of affordable housing on the property owner, rather than on society or governments. As well, municipal governments suffer the most for what is actually a provincial responsibility, because lower property values result in a smaller tax base for municipal governments to draw upon. Participants agreed unanimously that the policy of rent control is misguided, and the responsibility for providing affordable housing should be left to governments to resolve, not to property owners.

> Rent controls are not an issue for me. My properties rent about the maximum. It is not however a red herring. It is a really bad policy. It makes no sense, except for people who cannot afford to rent accommodations (at market rates). Those people should be left to those who can deal with this problem, not the landlord. You can't allow your city to decay because of this policy. You don't destroy your tax base on a policy like that. The city has totally destroyed its tax base by not allowing the value of properties to increase. What have they done? They've taken a building that used to be worth $20k a suite, put on rent control, now the value is the same or less, and tax assessors reduce the assessment. Inflation is still occurring. The city is collecting taxes on less value, which is tacked onto the suburban homeowner. This is wrong. Will a person build new rental accommodations when you can't get the rent? No.

In conclusion, information gathered from participants suggests that rent controls favour the development of higher-end, owner-occupied units rather than the more modest rental units favoured by a significant proportion of the market. More study is required in this area.

6.2.4 Downtowns must develop a plan and commit to it.

Participants generally agreed that for a developer to commit to a neighbourhood in the form of an investment, governments must make a commitment to having a long-term plan in place. During the Core Area Initiative there was a fair amount of interest in residential development, stimulated by the Ashdown Warehouse condominium project. This proved to be the only significant residential development project developed in The Exchange District for many years. Without an ongoing commitment by governments to encourage residential development downtown, the level of risk to the developer increases. As well, commitment to a plan will discourage the development of incompatible land uses which may harm property values or decrease the residential appeal of a neighbourhood. As one participant noted,

> CentrePlan was a good process. It provided a level of commitment, along with Plan Winnipeg. It gave a level of comfort. Commitment to a firm plan is essential. Although elements of a plan will change over time, developers need to know what the vision for a neighbourhood is.

A long-term plan can also help to generate excitement in a neighbourhood and encourage speculative redevelopment. If a government commits in the long term to a series of infrastructure improvements and amenities, then developers who get in at the ground floor will be rewarded for their risk.

> There must be a plan that you can either control or be assured that the plan exists. In the Exchange District they put in some zoning so that certain uses like massage parlours or industrial uses won't conflict with residential. On the other hand you have Granville Island and there are industrial components and residential units and commercial opportunities. If you're happy living next door to a guy who's making chesterfields or building farm equipment that's fine, as long as it's not a hazard due to pollution. But a firm city plan is essential. If I am going forward developing a property knowing that something like the Forks exists, with plans to extend river access and expansion through the Exchange District you can see that the City is taking ownership and leadership of broader development issues.

6.2.5 A critical mass of housing is required to act as a catalyst for further housing development (i.e. housing must be developed in 'nodes').

Developers suggest that a critical mass of residents is required to stimulate the development of the downtown residential housing market. A single stand-alone project is not enough to generate interest and act as a catalyst for further residential development. As one participant noted, "the Ashdown Warehouse is not going to spread by itself. You need six Ashdown Warehouses, in proximity. That would be the catalyst and downtown residential would take off." A critical mass of residents, created through developing a number of residential projects in close proximity to one another, will provide a level of safety and security, generate demand for goods and services, create an impression of development activity and demand, and stimulate interest in further residential investment.

6.2.6 Niche developers target niche markets.

Residential developers who are currently active in downtown Winnipeg have an interesting perspective on their role in the development industry. Not motivated strictly by profit, they are committed to improving the quality of the city and the downtown in particular, and enjoy building niche projects for a niche market. Gaining insight into the background, activities and approach of these developers can help to form a foundation from which to strengthen and encourage their role in the downtown revitalisation process.

Interestingly, all developers interviewed have formal training in architecture, design or fine arts. As they have individually noted, this contrasts with typical building construction

companies which tend to be managed by those with business-oriented backgrounds. They view themselves as 'mavericks' in the building development industry. As one participant noted, he became interested in developing downtown housing to fulfil a personal desire in building unique residential projects:

> My goal was to do design primarily – I'm very design oriented. I wouldn't characterize myself as a building developer. What I'm more interested in is creating environments and advocating for positive environments in urban areas or in small urban areas. There is a subtle difference. My interest is to try and create housing in an area where I see there would be a need and a use, and to try and work towards implementing different kinds of urban ideas that I've come across during my career as an architect. What I see myself as doing is working with various people focused on the development of housing, as an advocate for the end user. I go into an urban space and look at it, digest it, see if there are any opportunities to create urban living possibilities. Then bring in the various people necessary to put a project together.

Other participants were motivated by the desire to use their professional skills to influence the revitalisation of an entire neighbourhood.

> I've been working in the Exchange District since the late 1970s. I was one of the very first people who thought this area had a chance at being preserved and revitalized, being based on a mixed-use model including residential and commercial. I started in the development industry because no one else was doing it and I found it interesting and challenging.

Developers active in the downtown housing market enjoy the challenge of pursuing a unique or specialised project, rather than developing traditional projects that are targeted to mainstream markets.

> Part of (the difficulty) is that there is no money in this market. Main Street – no bank would lend me a nickel. I've bought the hotel with cash. Insurance companies laugh at you as well. It is very difficult to put a project together. I might as well go to River Heights and put up duplexes because everyone will bank it, I can make a dollar at it, and there's no risk. To me, that's not very exciting. I like projects that change the city, and add to the quality of life.

As one participant summarised, profit is not the primary motive.

> There was always an element of profit behind it. There are definitely quicker ways to make a profit though. There is value in this work. You

know, if I can make a lot of money, great. If I can make some money, perfect. I don't want to lose any money.

It is perhaps no coincidence that the same market niche interested in living downtown and being part of the revitalisation process shares many of the same characteristics and perspectives with the developers who are working to make this happen.

6.3 Chapter Summary

The following themes summarise a series of interviews with developers constructing or interested in constructing downtown residential units:

1. Housing is a viable strategy for downtown revitalisation.
2. Niche markets can be a catalyst for housing development downtown.
3. There are many obstacles to developing downtown residential units, including:
    a. Perceptions of safety and the current character of downtown;
    b. Difficulty exists in obtaining project financing;
    c. The lure of commercial opportunities;
    d. Bad planning;
    e. Rent controls.
4. Downtowns must develop a plan and commit to it.
5. A critical mass of housing will act as a catalyst for further housing development (i.e. housing must be developed in 'nodes').
6. Niche developers target niche markets.

These themes, based in part on the information arising through the literature review and focus group interviews, provide insight into the nature of the downtown housing market

as perceived by those with first-hand experience. They will by synthesised with themes arising from the literature review and focus group research to form a series of recommendations as outlined in Chapter 7.

7.0 CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER STUDY

7.1 Introduction

Through synthesising the information gathered through the literature review, focus group with niche markets and qualitative interviews with housing developers, a number of conclusions and recommendations regarding the implementation of a housing-based downtown revitalisation strategy can be drawn. This chapter will summarise the information presented in previous chapters, and provide suggestions for future study.

7.2 Conclusions

7.2.1 Historically, residential development in Winnipeg has migrated outwards from downtown to suburban neighbourhoods. Repopulating the downtown will add vibrancy to the area and address the trend to develop the suburban fringe.

The literature reviewed in Chapter Two argues that almost from the outset, urban development in Winnipeg has been defined by a sprawling urban form influenced by river-oriented transportation and the availability of accessible and affordable land. More recently, residential development in Winnipeg has been characterised by the migration of residents from urban or centrally-located neighbourhoods to suburban subdivisions. Many factors have influenced residential development patterns in Winnipeg, including planning policies which encourage the segregation of land uses, political decisions which favour the development of new residential subdivisions over maintaining existing neighbourhoods, and market forces which encourage the provision of cheap, developable greenfield sites. These pressures have resulted in a depopulated central

core and a sprawling built environment (both within the downtown and on a regional basis). The loss of a residential population from the core is directly related to a lack of vibrancy and 24-hour activity in the downtown district.

It is beyond the scope of this research to address the relationship between urban sprawl and decay in downtown Winnipeg. Urban sprawl is a complex issue with differing causes and effects in different cities. Generally speaking however, urban sprawl is considered to be problematic. In a slow-growth city such as Winnipeg, it is clear that a shift in population from the downtown core to suburban residential neighbourhoods can only result in a depopulated core. It is reasonable therefore to suggest that any successful downtown revitalisation strategy address the depopulation of downtown Winnipeg.

While the concept of urban sprawl often relates to development on the urban fringe, similar pressures have resulted in similar trends in downtown Winnipeg. If the term urban sprawl is regional in nature, the term 'downtown sprawl' can be used to refer to a dispersed pattern of development throughout the downtown. Empirical research has identified 'downtown sprawl' as a significant obstacle in creating a viable residential community downtown, and a comfortable pedestrian environment in particular. Downtown sprawl can be addressed by developing nodes of activity rather than dispersing them, whether they be entertainment, retail, employment or residential in nature. This notion will be explored further in the following conclusions.

7.2.2 Previous downtown revitalisation initiatives have attempted to reinforce the role of downtown as a regional destination. This strategy has not been successful in revitalising downtown Winnipeg. A housing-based strategy is a viable alternative strategy, and should be implemented.

In terms of employment, retail, and entertainment opportunities, downtowns used to be regional destinations. Consequently, downtown revitalisation strategies attempted to reinforce this role through the construction of regionally-scaled and destination-oriented redevelopment projects. Redevelopment projects including North Portage, The Forks, City Hall and the Public Safety Building, the Manitoba Centennial Centre (including the Concert Hall, Planetarium and Museum) and Winnipeg Square have not resulted in a sustained revitalisation, as they do not directly address the factors which have caused downtown decline. The most comprehensive revitalisation program to date, the Winnipeg Core Area Initiative, achieved a reasonable degree of success particularly in terms of downtown and inner-city housing. However, the broad nature of the program diluted the effectiveness of the housing initiatives, without facilitating new ways of thinking about downtown. This strategy of reinforcing downtown as a destination does not take into account the evolving nature and purpose of downtown neighbourhoods, evolving in part due to changing technologies and an increasingly decentralised landscape.

A housing-based revitalisation strategy will address in part the factors that cause downtown decline through helping to repopulate downtown, and facilitate the transition from a destination-oriented district to a self-sustaining mixed-use alternative to conventional suburban neighbourhoods. The literature has indicated that a housing-based approach to downtown revitalisation has achieved success in cities similar in

character and scale to Winnipeg, resulting in pedestrian-oriented, vibrant city centre that offers around the clock activity.

7.2.3 A plan must be developed, and a commitment made.

Both the literature and empirical research indicate that creating consensus around a housing-based strategy for downtown revitalisation is critical. A plan must be developed which generates support among the public, business people, politicians and administrators. This plan must facilitate the transition from an automobile- and destination-oriented downtown to a pedestrian-friendly mixed-use environment. The literature suggests that developing housing must be the priority. Encouraging a downtown residential population is the first step in promoting a new way of thinking about downtown neighbourhoods. Develop housing, and all other things will follow. The public sector must show both a political as well as financial commitment to the plan. A stable environment, in which the goals and objectives of a plan are clear and broadly supported, is critical.

7.2.4 Niche communities and niche developers can form the foundation for new housing development downtown.

There is a demand among niche communities for new downtown housing units. Niche communities, such as those including students, artists, and gay/lesbian populations, have indicated a desire to live in downtown Winnipeg. Primarily, they feel that their lifestyle needs cannot be met in a typical homogenous suburban neighbourhood and are searching for an alternative. As is often the case in other cities, the diversity and activity that they appreciate is most likely to be found downtown.

Niche communities are particularly well-suited to stimulate the downtown housing market for the simple reason that they have expressed a demand to live downtown. All of the focus group participants had at one time or another lived or intended to live downtown. They have a strong desire to play a role in the revitalisation process. Similarly, niche developers are best suited to meet this demand. A niche developer can be defined as someone who supplies housing for non-mainstream markets. Quite often niche developers are or once belonged to a niche community themselves – that is, students, artists, or gay/lesbian. They have a particular insight into this community, and a particular understanding of the issues. Their commitment to downtown revitalisation is more than strictly financial. Niche developers are currently the most active and visible of all downtown residential developers, and their role in the downtown residential development process must be encouraged. The following conclusions, based on information gathered through the literature as well as empirical research, can be used to create an environment where downtown housing will flourish.

7.2.4.1 Downtowns must provide a strong pedestrian-oriented environment.

Downtowns must build on their natural advantage as an alternative to the automobile-oriented suburb. Niche communities indicate a strong preference for walkable neighbourhoods, in which a variety of services and attractions are available within a comfortable walking distance. A convenient public transit system will complement and enhance a pedestrian-oriented environment, helping to address and ameliorate the negative effects of 'downtown sprawl.'

Moving automobiles quickly and efficiently through the downtown can no longer be the priority. In fact, many participants suggested that good automobile access actually has a detrimental effect on the residential and pedestrian quality of a downtown neighbourhood. Instead, automobile traffic should be discouraged in order to ensure that the pedestrian environment receives priority.

7.2.4.2 Downtown housing should be concentrated in nodes.

Both the literature and empirical research suggest that a concentration of housing units is necessary in order to establish a critical mass of residents as a catalyst for future development. Developing housing in nodes will have the following benefits:

- A node of residential activity will establish the critical mass necessary for local goods and services to develop;
- A node of residential activity will help to alleviate concerns over safety, as there will be more 'eyes on the street' to provide passive security. While niche communities did not specifically identify personal safety as a concern when considering living downtown, a safe neighbourhood was cited by gay and lesbian communities in particular as a desirable quality, (particularly in terms of attracting similar like-minded and tolerant individuals);
- A node of residential activity, supported by retail and other commercial services and good public transit service will help to enhance the pedestrian environment through offering a pedestrian-scale alternative to automobile travel, ameliorating 'downtown sprawl';

- A node of residential activity will help to protect against the incursion of incompatible land uses, regardless of their nature. The incursion of incompatible land uses, particularly those industrial in nature, have historically discouraged new housing development in downtown Winnipeg in favour of suburban neighbourhoods. More recently, downtown residents have indicated that entertainment uses (such as bars and nightclubs) generate a type of activity that detracts from the residential environment;
- A node of residential activity (appropriately zoned or similar) can protect against the incursion of land uses (commercial, retail etc.) which may attract a higher rate of return and force out residential uses.

7.2.5 The key to downtown housing lies in offering a unique and distinct alternative to suburban living.

Above all else, niche communities value diversity. The market among niche communities is not homogenous. They are attracted to downtown living by the wide range of opportunities that are (or should be) available – a range of housing styles and tenure options, entertainment, cultural, retail and employment opportunities. Mostly they are looking for an alternative to the traditional single-use, automobile-oriented suburban community. The housing market must be flexible, and able to support a wide range of lifestyle opportunities.

Many cities have experimented with introducing lower-density housing developments downtown, in an attempt to lure suburban residents from their traditional neighbourhoods. These experiments have met with varying levels of success in other

cities. In Winnipeg, there is little appetite among either developers or niche communities for this type of downtown housing environment. For example, when developers and niche markets discussed the opportunity for new downtown housing units, single-family homes were not mentioned. However, demand does exists for the following types of housing:

- Condominium units should be constructed in residentially-oriented precincts downtown. Condominium ownership places a significant financial risk on the shoulders of the homeowner. Constructing condominium units in a precinct that is primarily residentially-oriented will help reduce the risk associated with incompatible land uses and protect property values. Again, clustering these units is essential.
- Rental units are more suited to being dispersed throughout downtown. Representatives of niche markets who preferred rental units over owner-occupied units appreciated the activity and vibrancy that results when many different land uses are mixed together. Their commitment to the property was naturally less significant than if an ownership position was taken, and their tenure was expected to be short-term. As they did not own the unit, protecting property values were less of a concern. Given the risk involved, developers and niche markets agree that rental units should be constructed first, until a critical mass of housing develops and financial risk is reduced.

While developers in some cities eye upscale housing units for their downtown, at this point in time it is not feasible in Winnipeg. Initially, new housing units should be aimed at those of modest incomes for a variety of reasons. First of all, the market for upscale in

housing in Winnipeg is generally limited. The market for upscale housing among niche markets is even more so. As projects such as the Ashdown Warehouse indicate (and many upscale projects which have not proceeded), there is a very small pool of potential residents from which to draw. While by all accounts the Ashdown Warehouse is a quality project, the level of demand for similar units was not great enough to stimulate the renovation of a comparable project. Secondly, niche communities and developers agree that downtown does not currently offer a suitable package of amenities to attract upper-income residents. Niche communities interested in living downtown have indicated that because demand for downtown housing is low among the general population, the price of housing downtown was proportionately lower than in other neighbourhoods. This lower housing cost was a significant factor in their decision to live downtown.

As well, both developers and niche communities agree that there appears to be a greater demand for rental rather than owner-occupied units in the downtown housing market. The level of risk associated with condominium ownership is obviously higher than with rental units, and there is little capacity or appetite for risk among investment-oriented individuals even within niche communities. Developers must assume this risk until the market becomes established.

In terms of utilising existing infrastructure, both the literature and empirical research suggests that the adaptive reuse of existing buildings can provide a strong foundation from which to develop downtown housing. The benefits of utilising existing buildings includes both the opportunity to create a unique living space, as well as enhancing the unique character of the downtown when compared to suburban neighbourhoods. While

the adaptive reuse of industrial buildings in particular has proven to be a cost-effective solution in many cities, for a variety of reasons this is not the case in Winnipeg. However, the positive contributions that adaptive reuse projects could make in the downtown housing market are significant and deserve to be explored further.

In terms of new construction, there appears to be both a market and a willingness on behalf of developers to explore the opportunity to create unfinished 'shells.' Constructing shells achieves two goals in particular. First of all, they provide an opportunity to build units that the resident can finish personally so that the unit can be tailored to the customer's unique wants and desires, maximizing flexibility. Secondly, it brings the price of the unit down to a more modest initial cost, opening the project to a wider range of potential tenants. Risk is reduced as well.

7.2.6 Obstacles to creating new downtown housing units must be addressed.

Significant obstacles exist in developing downtown housing, both real and perceived. Regardless of whether or not these obstacles represent perception or reality, they must be addressed through either action or further study.

Perhaps the most significant obstacle faced by downtown housing developers is a difficulty in obtaining project financing and insurance. Despite their confidence in the downtown housing market (or at least the niche market they have identified), developers are faced with financiers who, for a variety of reasons, choose not to invest in downtown housing projects. Even more troubling than the lack of financing is the lack of insurance.

Even if a developer is able to self-finance a project, the lack of insurance may place the entire project at risk.

Of the housing developers surveyed, all believe that rent controls have a detrimental effect on the downtown housing market (both for new construction and existing units). Developers point to rent controls as one reason why they are not participating in both the rental and condominium housing market. Whether valid or not, housing developers believe that rent controls have reduced the value of residential property (relative to commercial or industrial uses), render rental properties unprofitable (both new and existing units) and place new construction at a competitive disadvantage over existing units. The topic of rent controls is contentious, and the impact of rent controls is by no means clear. If solutions are to be developed that address the real and perceived impacts of rent controls, further study is required.

7.3 Suggestions for Future Research

The scope of this thesis has included a discussion of early urban development trends in Winnipeg, a brief overview of downtown revitalisation initiatives in Winnipeg, as well as a literature review and empirical research that questioned current downtown revitalisation theory and proposed a new approach in planning practice. The research undertaken in this thesis is a modest attempt to generate interest in an alternative approach and new way of thinking that has not received the attention it deserves. This thesis provokes many more questions than it answers and is intended to initiate further study, beginning with a discussion of the role of the downtown itself. Future research should begin by addressing the following topics:

- How other cities have stimulated downtown housing, particularly in a slow-growth city such as Winnipeg;
- The impact of rent control on the housing market;
- The relationship between urban sprawl and downtown revitalisation;
- The impact of gentrification, and ways to ameliorate the impact;
- How to facilitate the evolution from a niche-based residential population to a broader population more representative of society as a whole (and whether or not this is desirable);
- Other potential niche markets, including live/work spaces, the role of immigrant and ethnic communities, etc.

7.4 Closing Remarks

The conclusion of this research is a prelude to further examination of a topic that has generated a significant amount of interest among the general population, but few success stories. The practice of planning prides itself on managing or promoting change, and seeking out new ways of addressing old problems. Unfortunately, in the field of downtown revitalisation, planners are working with tools that are hopelessly out of date. Fortunately, the level of interest in this topic among residents of this city is great, and combined with a healthy dose of optimism and energy offers the promise of change.

Appendix A: Research Participant Informed Consent Form

Title of Study: *Developing a Housing-based Approach to Downtown Revitalisation*

Researcher: Jeff Palmer
475.5409 (home)
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The study is being conducted by Jeff Palmer as part of the requirements to graduate with a Master in City Planning degree from the University of Manitoba. This thesis work is being advised by Dr. Sheri Blake of the Department of City Planning, Faculty of Architecture at the University of Manitoba.

The purpose of this study is to investigate the role of housing in the downtown revitalisation process. Supplementary information regarding the evolving nature of downtowns and the effects of different downtown revitalisation strategies will also be obtained.

This interview session will be audio taped so that analyzing the material at a later date will be completed with greater ease and efficiency. Once the final report has been written all audio recordings will be destroyed. If at any time during the interview you do not feel comfortable commenting on an issue you are not obligated to do so and, in fact, may terminate the session at any time. Also, if you have any questions or concerns during the interview feel free to ask immediately.

Your identity will be kept confidential. This means that your name, your position, and any other information that would give your personal identity away will not be included in the final report of the study. Where information occurs within the session transcripts that will be included in the final report, names, names of organizations, positions within organizations, and names of other named individuals will be omitted.

No payment or reimbursement will be provided for any expenses related to taking part in this study. Your decision to take part in this study is voluntary. You may refuse to participate or you may withdraw from the study at any time. You are not waiving any of your legal rights by signing this consent form nor releasing the investigator from their legal and professional responsibilities. You are free to ask any questions that you may have about your rights as a research participant. For questions about your rights as a participant, you may contact the office of the Joint-Faculty Research Ethics Board, University of Manitoba, at 204.474.7122.

If you are interested in viewing the final report, it will be made available for you to read most likely by October 2003. This work will be published as a thesis and will be placed in the Architecture and Fine Arts Library at the University of Manitoba. This information may also be considered for future publication within planning journals by the researcher.

If you have any questions or concerns after the interview is completed, please feel free to contact myself at 204.475.5409 or jpalmer@mts.net or Dr. Sheri Blake at 204.474.6426 or blakes@cc.umanitoba.ca.

Thank you for giving your time to participate in this interview session. Your input is extremely valuable to this research project and is greatly appreciated.

I, _____, give Jeff Palmer permission to use the information gathered during this interview under the conditions stated above for the purposes of researching the role of housing as a tool of downtown revitalisation.

Date: _____

Respondent's Signature: _____

Researcher's Signature: _____

Appendix B: Focus Group Questions

Opening Question

Question 1: Please introduce yourself and tell us why you are interested in the topic of downtown revitalisation.

Introductory Question

Question 2: Tell me about your favourite city. What makes it your favourite city? Choose a couple of key words that describe the character of the downtown in your favourite city.

Transition Questions

Question 3: Now, choose a couple of key words that currently describe Winnipeg's downtown.

Key Questions

Question 4: Describe the kind of downtown environment that you would like to see in Winnipeg. Describe the character of the neighbourhood. What kind of amenities and activities are found? What types of people are found in the neighbourhood.

Question 5: What neighbourhood do you live in right now? What do you like or not like about it?

Question 6: What are the pluses and minuses of living downtown in its current condition? Why do you or do you not live downtown now? What would make living downtown more attractive to you? Over the short and long term?

Question 7: Previous revitalisation strategies include Portage Place, Winnipeg Square, the Manitoba Centennial Centre and The Forks. How have they succeeded or failed in revitalising downtown? What has been their effect?

Question 8: Downtowns used to be retail and employment destinations. Today we find that retail and employment centres tend to be more dispersed in suburban locations. What is the role for downtowns today/how can our downtown stay relevant?

Question 9: The literature indicates that students, artists, and the gay and lesbian community are catalysts for downtown housing development. Do you agree? What do you see as the most attractive benefits for you personally for living downtown? (In terms of lifestyle, why do you think students/artists/gays and lesbians are more likely to prefer living downtown to other groups?)

Question 10: Describe your ideal residential environment in downtown Winnipeg. Can you identify a particular area you would prefer to live? Describe your ideal housing unit e.g. what size is it, do you own or rent, is it a high rise or walk-up, new construction or adaptive reuse, what price range?

Serendipitous Questions

Question 11: To be determined.

Ending Questions

Question 12: The goal of this discussion is to identify the role of housing in the downtown revitalisation process. Have we missed anything?

Appendix C: Developer Interview Questionnaire

1. Experience/behaviour questions (what a person has or has not done);
   - Tell me about your background in the development industry.
   - How did you initially become involved in the development industry?
   - What role do you or your company play in the urban development agenda?
2. Opinion/values questions (what a person thinks about an issue, including goals, intentions, desires, values, etc.);
   - What do you think the greatest planning issues facing Winnipeg are? What about downtown Winnipeg?
   - What do you think are the strengths and weaknesses of past revitalisation initiatives, such as North Portage, Winnipeg Square, The Forks, etc.
   - What do you think are the strengths and weaknesses of current revitalisation initiatives, such as True North, CentreVenture, etc.
   - What do you think the role of housing is in the downtown revitalisation process?
3. Feeling questions (aimed at understanding the emotional responses of people to their experiences and thoughts);
4. Knowledge questions (which gain insight into the factual knowledge possessed by the subject);
   - Where do you see the market for downtown development, in terms of office/commercial, retail, and residential? For what types of uses is there a demand?
   - Focus group research has identified a demand for downtown housing among niche communities. Niche markets require a certain set of amenities, such as

. . . . Have developers identified this market? If so, how have developers responded to this demand?

- How can downtowns in general become more 'residential-friendly?'
- Have I missed anything?

5. Sensory questions (which attempts to record the sensory stimuli to which interviewees are subjected); and
6. Background/demographic questions (which concerns the identifying characteristics of the person being interviewed e.g. age, education, occupation, etc.).
   - How long have you been involved in urban development?
   - What sort of educational background or professional training do you have?

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