

Bring Back Main Street Block Study

Round #2 – Summary of Key Findings

Canadian Urban Institute in partnership with Vancouver City Savings Credit Union (Vancity) and Vancity Community Investment Bank (VIIB) conducted a series of seven Block Studies in British Columbia and Ontario. Block Studies combine data and storytelling to present hyper-local, in-depth analyses of sections of main streets. The results offer insights into how neighbourhoods and small businesses have been impacted by COVID-19 and uncover a range of opportunities for governments and other main street advocates to support them.

The blocks studied were: The Beaches, Toronto; Downtown Hamilton, Ontario; Wexford Heights, Toronto; Downtown Victoria, BC; Strathcona-Vancouver, BC; Surrey-Newton, BC; and North Shore Kamloops, BC.

The sections that follow outline the key themes that emerged from the second round of Block Studies, conducted during the months of October and November 2020 based on a business survey, conversations with BIAs/BIDs and business owners and a variety of other data sources. The individual Block Studies are available at www.bringbackmainstreet.ca/block-study. Data Summary Tables and survey highlights are included on pages 7 to 11.

Summary of Key Findings

Outdoor Dining and a More Local Customers Made for a Decent Summer

Relaxed restrictions, lower COVID-19 case numbers and successful patio programs made summer feel almost 'normal' on many main streets. Businesses adapted

their operations and staffing models, created outdoor patios and learned to operate safely in the COVID era.

Many businesses reported seeing a higher proportion of local patrons and felt that local communities were making a point to support their main streets and local businesses. Travel restrictions and many people working from home also meant more people were spending time in their local neighbourhoods, which benefitted community-oriented main streets and certain retail sectors like coffee shops and food retailers.

Each of the 7 blocks saw at least one new vacancy since the pandemic started, but most also saw new businesses open since the pandemic. While some businesses experienced challenges or barriers to the federal governments business relief programs, many took advantage of at least one which helped them to hire back staff or make rent payments despite low revenues.

Key stats:

- 6 of the 7 blocks saw businesses participate in patio programs. Queen Street East in The Beach and Government Street in Victoria had several businesses participate which added a great deal of vibrancy to the street.
- All 7 blocks saw at least one new vacancy since the beginning of the pandemic. The Downtown Hamilton block had only 1 new vacancy, The

Beach saw 5 and Downtown Victoria blocks saw 4.

- 5 of 7 blocks saw at least one new business opening. The Beach block saw 8 new businesses open. Wexford Heights saw 4 and Hamilton and Newton saw 1.
- Of the 16 new business openings across the 7 blocks, 4 were cannabis shops.
- On average, about a third of the businesses (32%) said they benefited from an increase in customers from the local neighbourhood patronizing their shops. This was highest in The Beach and Newton (40% and 38% respectively) – two neighbourhoods that have residential populations that live nearby.

Despite Successes, Visits and Revenues on Main Streets are Down

Although several of the main street businesses and BIAs said that summer was 'better than expected', the number of visits was significantly lower than previous years. Some of the streets may have felt fairly busy but there were fewer people throughout the day and less customers going into the shops and restaurants.

In addition to lower foot traffic, most of the businesses are operating with fewer staff and have lower revenues compared to the same time last year. Many of the businesses expressed concern about the future and said the uncertainty was one of their biggest challenges.

Key stats:

- As of September, visits to the 7 blocks were down between 35% and 70%, compared to the same time last year.¹
- The Government Street block in Downtown Victoria saw almost a million (952,905) fewer visits from April to September compared to the same time period last year.
- The Beach and North Shore Kamloops block saw 550,000 and 140,000 fewer visits respectively.
- 58% of main street businesses said their revenues in September were lower than they were the same time last year.
- 22% of businesses said revenues were below 50% of pre-COVID levels
- 23% businesses said they expected to be either closed down or have permanently scaled down operations in 3-4 months if there are increased restrictions as a result of a second wave.
- 42% of businesses said that uncertainty about a second wave or further business closures was their biggest challenge.

Businesses are Urging Consumers and Governments to Support Local Shopping

The most common answer from businesses when asked what governments and others can do to support them over the long term was "encourage and incent shopping at local and independently owned Canadian businesses". This response was even more popular than "creating a more competitive tax environment" or "better access to

patterns based on location-enabled mobile devices.

¹ Estimated visits data provided by Environics Analytics MobileScapes, a privacy-compliant database that estimates population-level travel

financing”. Many businesses spoke about the importance of the holiday season, and now that there are increased restrictions and no in-person shopping in Ontario, it's especially important that both consumers and governments support local shopping.

Many of the BIAs were focusing their efforts in 2020 and 2021 on marketing campaigns that focus on promoting local businesses. Several spoke about allocating their typical events budgets towards marketing and communications.

While shopping local is ultimately a consumer choice, there are a number of ways that policy makers and other main street advocates can support local shopping.

The majority of businesses across the 7 blocks had some online presence and 44% of the food or general retail services businesses offer online ordering. Businesses noted that take-out and delivery services have become a significant source of revenue during the pandemic; however, the high commission rates charged by mainstream meal delivery services make it significantly less profitable.

In some communities, new start-up services have been developed to provide an alternative to the mainstream delivery platforms. Supporting local start-up delivery services for both food and non-food businesses as alternatives to the conventional apps can help small businesses, especially in those areas of the country where businesses' only revenues are through online orders.

Key stats:

- 52% of businesses said that they would like to see governments encourage and incent shopping at local and independently owned Canadian businesses.

- 44% of the food or general retail services businesses offer online ordering. In Kamloops, only 25% offer it, on Government St in Victoria, 66% of businesses do.
- 14% of businesses said “selling more online” has positively affected their business.
- 17% said that “more business through delivery applications” has positively affected their business.

Downtowns Hit the Hardest and Struggling with Street Involvement Issues

The Block Studies highlighted that downtown and downtown-adjacent blocks are struggling with a range of issues, including the lack of office workers, tourists, cultural events and post-secondary students. Not surprisingly, the blocks in downtown Victoria and Hamilton and Strathcona (which borders the Downtown Eastside in Vancouver) saw the highest drops of visits compared to the other ‘non-downtown’ blocks.

The downtowns are also facing drastic increases in street-activity. Businesses reported seeing more vandalism, petty crime, public drinking and opioid abuse. Tent encampments were also impacting all 3 of the downtown blocks.

There is a recognition that the reasons behind why the pandemic has exacerbated these issues are complex. It is much more difficult to serve marginalized populations because of distancing requirements, there are fewer places for these people to seek respite and there is a stark lack of access to public amenities. The increase in street involvement are critical social issues that affect vulnerable populations. It's also a critical issue for local businesses, as

residents and potential customers start to perceive these neighbourhoods as unsafe.

Hyperlocal strategies on mental health, addictions, homelessness and street involvement, along with increased security, are becoming of increasing importance. Targeted funding to support collaborative partnerships to address these issues is also needed.

Key stats:

- In Victoria and Strathcona, 77% and 67% businesses respectively, said their biggest challenge is increased crime/safety issues in the neighbourhood.
- While most blocks saw month-over-month gains in visitors, Strathcona saw footfall down 42 per cent in April, and declining further year-over-year in September, by 48 per cent.
- More than a third of businesses (34%) said that governments should provide more or better policing and security in the neighbourhood as a way to help small businesses.

Opportunities for Winter Placemaking and Evaluating Public Space Programs

Patio programs and other public space initiatives made a big impact over the spring and summer. The expanded patios helped businesses by giving them more outside space to serve customers and created street vibrancy.

Extending these programs into the winter (if and when restrictions allow for outdoor dining) can help local businesses and help to animate main streets. However, since most businesses have limited reserves at the moment, financial incentives, micro-grants, and crowdfunding platforms that

support winter patios or other outdoor infrastructure can be helpful.

While the patio programs were considered a success, the block studies uncovered that there can be unintended consequences, such as on accessibility and that they don't benefit all businesses equally. Over the winter, cities and local business associations can take the time to evaluate the patio programs and the impacts on safety, accessibility, different equity seeking groups. The evaluation process could also look at whether there are opportunities for improvement, such as by streamlining processes or eliminating barriers/fees.

Key stats:

- 6 of the 7 blocks saw businesses participate in patio programs.
- 29% of businesses said they would like to see governments and other main street advocates focus on public realm improvements.

Growing Presence of REITS and Tensions Between Tenants and Landlords

There was a great deal of optimism for the governments new rent subsidy program (CERS) announced by the Federal government in October. Business owners were hopeful that the new terms would allow them to take better advantage of the program and many were relieved that they would be able to apply directly without having to go through their landlord.

Some businesses reported that their landlords were supportive through the pandemic, either by applying to the rent subsidy program or working out deals directly with the business.

However, businesses also spoke about how landlords, especially those who were not from the local community or surrounding

region, didn't care about the businesses or the well-being of the neighbourhood. Many of the blocks were also seeing a growing presence of large investment companies and REITS, who tend to be focused primarily on return on investment. There is a need to better understand and address this trend and the impacts on main streets.

The challenges between tenants and landlords and the growing presence of large investment companies on main streets suggest the need for alternative real estate models that give businesses more secure tenancy, such as through community-based financing.

Key stats:

- 19% of businesses said their landlords applied to the government rent relief program.
- 13% of businesses said their landlords provided flexibility with rent payments to support them through COVID (outside of government programs).

How Governments and Other Advocates Can Support Main Streets & Small Businesses

- Many local governments and business associations are continuing to invest in public space improvements and placemaking projects that beautify and activate the public realm. This can help to bring people back to main streets and downtowns, both during the pandemic (with proper safety measures) and after there is a widespread vaccine.
- Local and provincial governments have provided various forms of financial assistance and waived fees for businesses to help them through the initial phases of the pandemic, such as by providing grants for PPE, reducing utility fees, waiving develop application fees or extending property tax deadlines. Continuing to identify ways to lower the financial burden on small businesses can help them through the next phases of the pandemic.
- Governments at all levels need to work together to address the safety and street involvement issues in downtowns. Hyperlocal strategies on mental health, addictions, homelessness and street involvement, along with increased security, are becoming of increasing importance. BIAs and local businesses need to have the capacity and knowledge to deal with these complex safety and inclusion issues and advocate for the necessary supports. A national strategy as well as targeted funding for collaborative partnerships to successfully address the issues are other ways that main street advocates have identified governments can support them.
- Governments and business associations are working to drive home the 'buy local' message. A key focus for many BIAs is marketing campaigns that encourage people to support their local businesses. Online directories or initiatives that incentivize people to buy local are other approaches. When COVID restrictions permit in-person shopping, governments can also invest in placemaking initiatives like light or art installations that add to the shopping experience, clear snow and ice from sidewalks to increase walkability and provide free parking on main streets.
- Another way to support small and independent businesses is through procurement policies. Over the medium-term, municipal and provincial governments should review and update their procurement policies to include

strategies for local and diverse procurement.

- There are various supports and funding available to support digital transformation, including Digital Main Street. More grants and financing from the provincial or federal governments to support businesses with digital transformation would be valuable.
- Cultural and language differences have acted as barriers to businesses accessing government programs and digital tools, technologies and services such as Digital Main Street. Whenever supports are being provided directly to businesses, governments and others need to make additional efforts for New Canadians who may need services to be provided differently and in languages other than English.
- The high cost of rent, unsupportive landlords and trend towards large investment firms owning property on main streets were issues identified. Creative solutions that create more secure tenancy for business owners such as through community-based financing and other tools are needed. Community-controlled land trusts held by non-profits have been used in this way. Crowdfunding platforms for real estate investment, where residents buy ownership shares in commercial buildings in their neighbourhood, are also being tested in some cities.

Summary of Data Collected

Visitation Data

	Visits in Apr 2019	Visits in Sep 2019	Visits in Apr 2020	Visits in Sep 2020	% of Sep 2019 in Sep 2020	% Chg Apr to Sep 2020	Total Visits Apr to Sep 2019	Total Visits Apr to Sep 2020	Change Total Visits Apr to Sep	% Chg Total Visits Apr to Sep
Downtown Victoria	222,812	189,598	48,117	69,602	37%	45%	1,343,242	390,337	-952,905	-71%
Strathcona	81,989	64,181	47,546	33,320	52%	-30%	453,243	227,629	-225,614	-50%
Newton	167,532	141,858	107,733	72,521	51%	-33%	944,347	489,731	-454,616	-48%
Kamloops North Shore	71,677	51,711	40,280	37,196	72%	-8%	378,771	238,520	-140,251	-37%
Wexford Heights	186,715	147,027	81,488	101,907	69%	25%	996,784	576,437	-420,347	-42%
The Beach Village	166,297	114,985	79,755	59,698	52%	-25%	954,716	411,902	-542,814	-57%
Downtown Hamilton	148,260	118,061	60,360	52,665	45%	-13%	783,873	340,570	-443,303	-57%

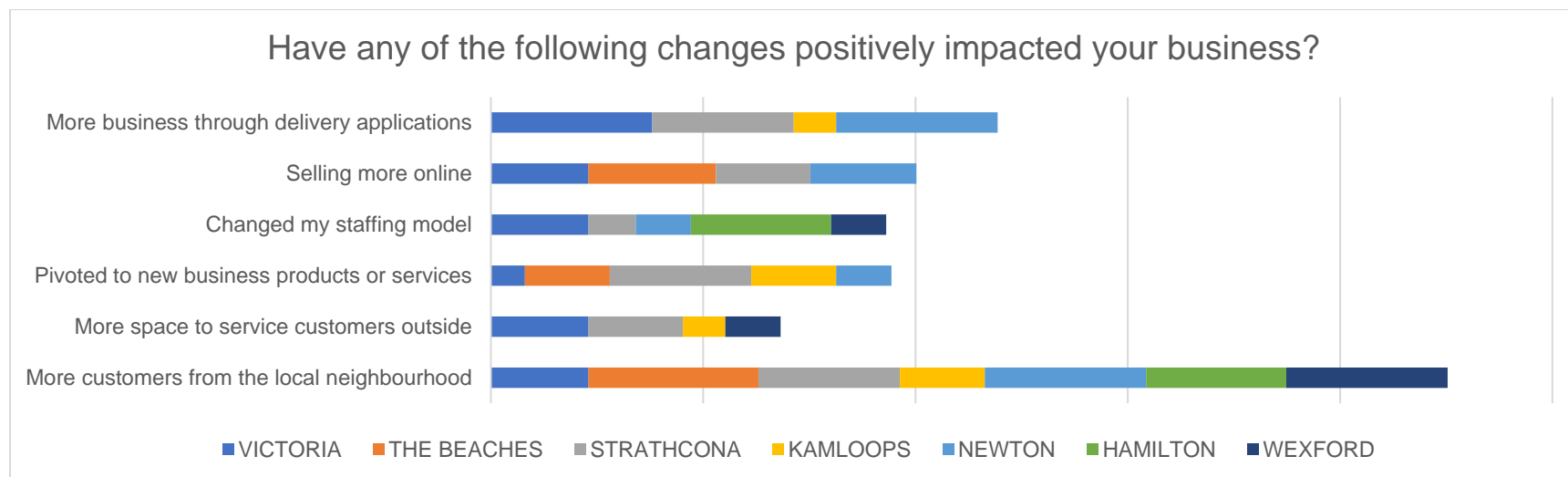
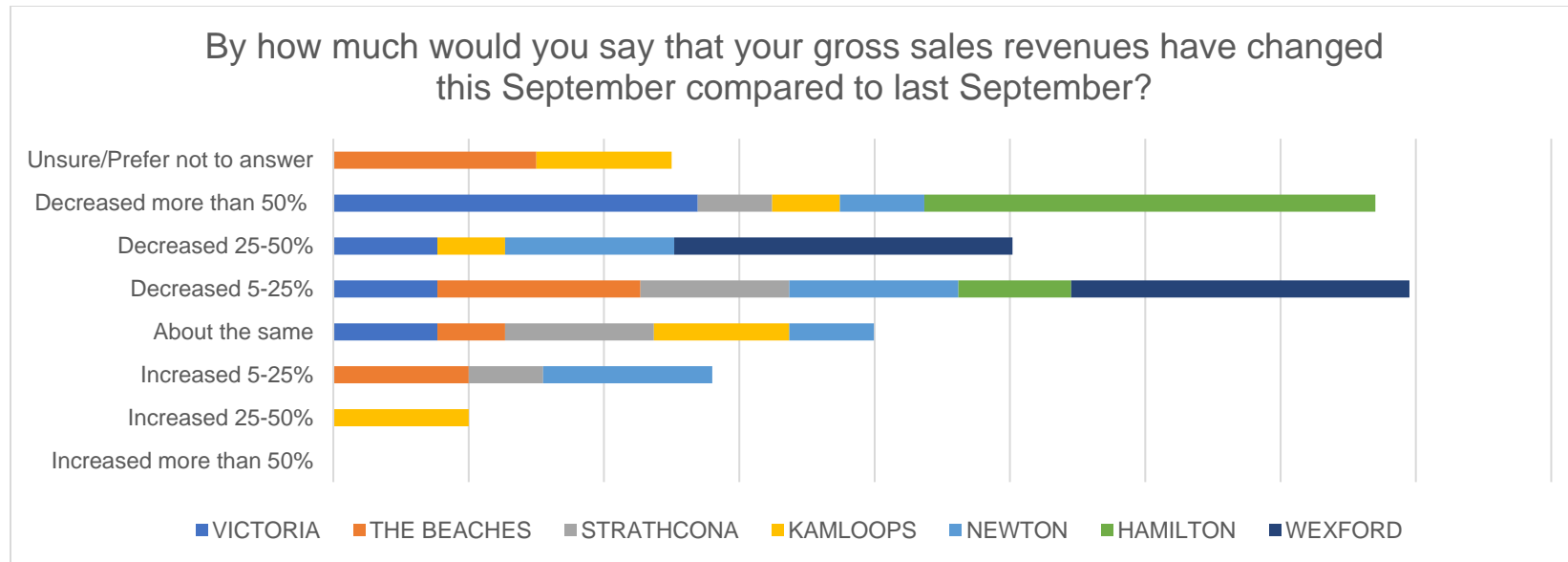
*Estimated visits data provided by Environics Analytics MobileScapes, a privacy-compliant database that estimates population-level travel patterns based on location-enabled mobile devices.

Occupancy Survey Results

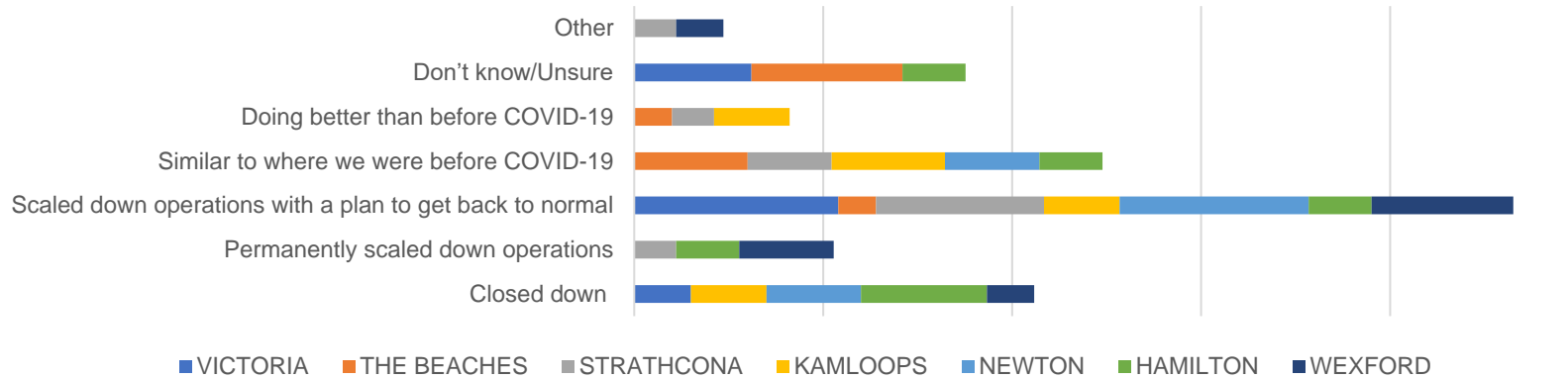
	Total Storefronts	Vacant Storefronts	Closed in Pandemic	Opened in Pandemic	Vacancy Rate	Closure Rate	Opening Rate
Downtown Victoria	78	10	5	0	13%	0%	0%
Strathcona	51	7	3	2	14%	6%	4%
Newton	116	0	2	1	0%	2%	1%
Kamloops North Shore	63	4	2	0	6%	3%	0%
Wexford Heights	95	4	3	4	4%	3%	4%
The Beach Village	127	20	5	8	16%	4%	6%
Downtown Hamilton	74	7	1	1	9%	1%	1%

*Occupancy information was collected through a street-level vacancy survey conducted in October 2020.

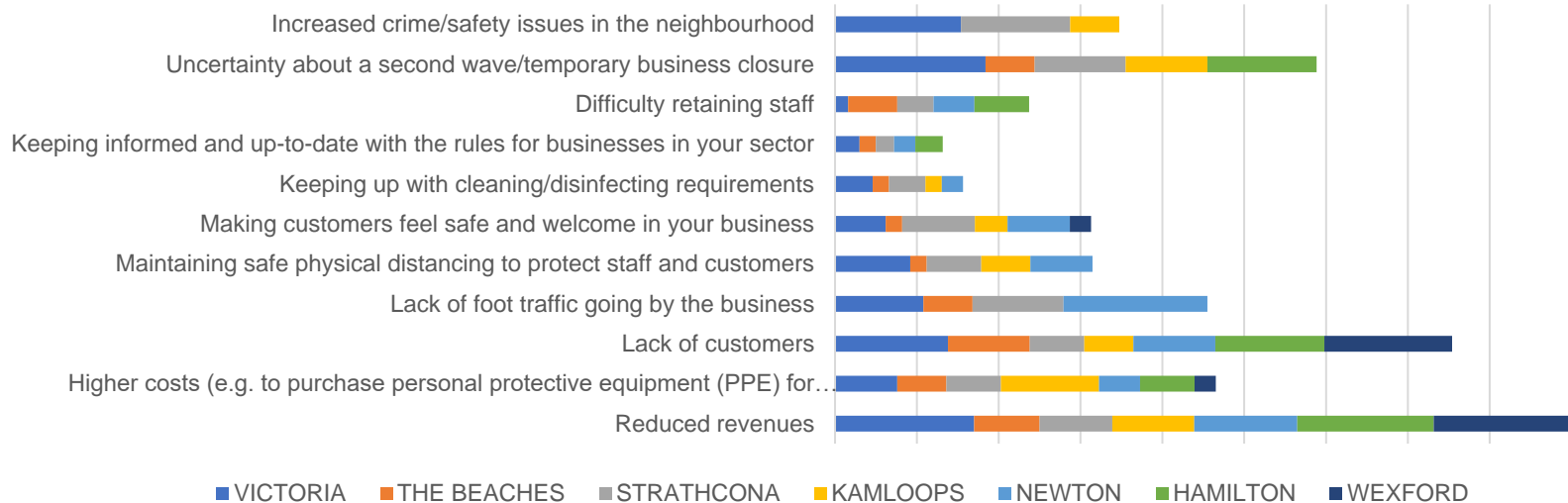
Business Survey Highlights



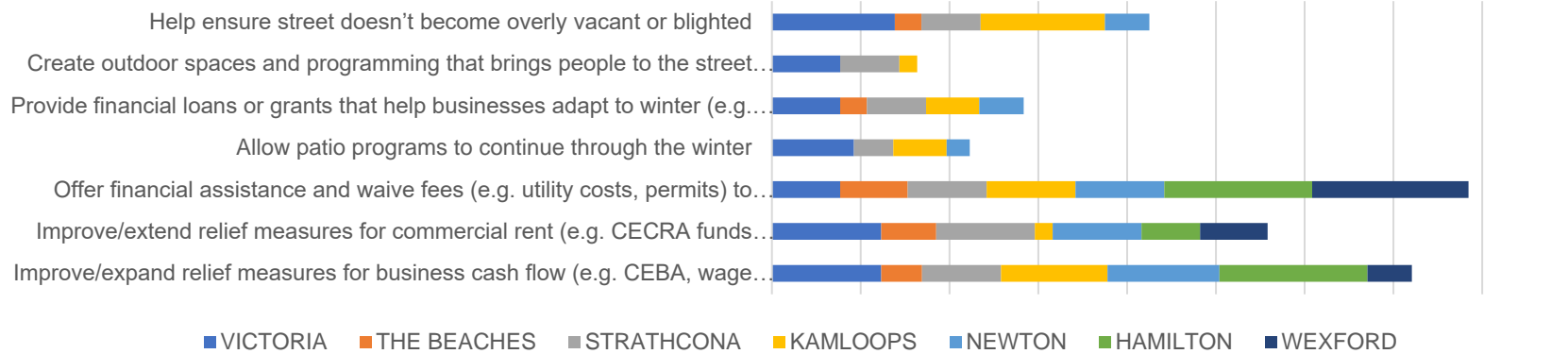
Where do you think your business will be in 3-4 months (January/February) if there are increased restrictions on business operations as a result of a second wave?



What are your biggest challenges in regard to COVID-19?



How can governments and/or your financial institution support your business through winter and the next phases of the pandemic?



What would you like the government and other main street advocates to focus on to help your business over the longer-term?

