Urbanization in the contemporary era is affected by different factors such as immigration, socio-economic challenges, crimes, racism and social distance between different groups. There is hence a web of complex challenges faced by urban areas. This web of issues cannot be neglected when addressing challenges around sustainable development. Using a multi-dimensional and integrative approach is hence very essential in striving to achieve sustainable cities. This paper will emphasize on the need for a cultural component in achieving sustainable development namely inter-cultural dialogue. To achieve sustainable development in urban areas, it is of great importance to address issues related to racism and social distance. Only social harmony can allow a conducive environment for surmounting sustainable development challenges in urban areas. Due to its city dynamics, this paper will use Winnipeg as a case study to highlight the importance of inter-cultural dialogue for sustainable development. Winnipeg has one of the largest urban Indigenous population (in Canada) and a growing newcomer population. The two broad communities share a lot in common, namely aspects of history (colonial encounter), cultural values and socioeconomic challenges. Despite this fact, there is a striking social distance between the two communities which is manifested by negative perceptions and tensions. There is a need to foster a safe space for dialogue between the communities so that racism is not escalated in this urban context. For that, a collaborative approach should be taken between organizations serving the different population groups, grass-root lead initiatives and faith based institutions. Different methods can be used, such as creative arts, storytelling, cultural exchanges, visual arts and dialogue circles. These can allow communities to learn about each other and develop openness and good ties. Without such an approach, communities will remain segregated and distanced which in turn will negatively affect the environment around sustainable development. Only when society has harmony and cohesion that challenges can be worked on in an effective and constructive manner.