

# Chapter 5

## THE ANNEXATION DEBATES, 1972–1978

Calgary's first post-war annexations, which began in 1954, ended a decade later when the town of Bowness was brought into the City. With a gross area of 154 square miles, Calgary had plenty of room to contain projected growth. Seemingly, annexation was for the distant future. Yet less than eight years later, the issue was back with a vengeance. The series of events that continued into the spring of 1978 showed the crucial role of the land developers in influencing gross expansion. The City abetted the process with reference to planning control and to uni-city ideals. However, there was more vacillation and uncertainty than decisiveness. It was not the City's finest hour.

The General Plan of 1963 did not anticipate annexation until the 1980s.<sup>1</sup> In fact the Plan had over-projected Calgary's 1976 population by around 69,000. It had anticipated that the increased population of 261,000 would be accommodated within the existing corporate boundaries on 22,104 acres, or about 34.5 square miles. The figures were consistent with the current policy of 12 persons per acre in new subdivisions. Even at this low density, the Plan foresaw no shortage of land, noting that by 1980 an additional area of 2,500 acres *might* be required. The renewed interest in annexation seemed doubly mystifying given the fact that Calgary's population growth rate was below that predicted by the Plan, and that a density of 22 persons per acre was adopted for new

**TABLE 6****Land Prices per Acre 1968–1977**

1968	\$4,900
1972	\$7,500
1973	\$10,000
1974	\$14,000
1975	\$18,000
1976	\$23,000
1977	\$30,000

Source: City Submission on Municipal Agreements to Province, 1977.

subdivisions in 1970. Even in the General Plan of 1973, annexation was seen as an option rather than a necessity. An accompanying map showed where the expected increase of population could be located within the current city limits.<sup>2</sup>

The renewed interest in annexation in the early 1970s was related to rising housing costs. The developers attributed them to a shortage of land, arguing that thousands of lots in the city were off the market due to policy reviews, environmental constraints, and transportation, zoning, and utilities problems. According to Daon president Jack Poole, constraints advocated in the interests of orderly growth induced artificial shortages and speculation.<sup>3</sup> Carma maintained that the freeze on land around the airport affected the development of half of the city's residential growth.<sup>4</sup> The corporation also complained that the uncertainty over Nose Hill had reduced its lot inventory by a further 4,400.<sup>5</sup> In pressing for annexation the developers harped on the familiar argument that more land meant lower lot costs and therefore cheaper houses. In 1972 Commissioner Denis Cole noted that the City was being influenced to make large areas serviceable in the belief that the only way to keep the price of serviced lots down was to increase the supply of land.<sup>6</sup> Even Mayor Rod Sykes, the sometime caustic critic of developers, felt that an enhanced land supply would reduce the rate of increase in house prices.<sup>7</sup> As public disquiet over housing costs grew, the developers were accused of undue greed and indifference and of withholding land from the market.<sup>8</sup> The genesis of public antipathy towards the land developers in Calgary was the alleged land shortage of the early 1970s.

The developers' argument about a shortage of land and its impact on the house-building industry warrants some qualification. Peter Spurr, in his detailed study of land and urban development in Canadian cities,

disputes their contentions. Referring to the early 1970s, Spurr wrote: “The shortage has not been documented, its relevance to the increasing market value of houses has not been demonstrated and there are good indications that the shortage does not exist.”<sup>9</sup> The situation in Calgary appeared to support Spurr. A monthly lot and land inventory prepared by the City in 1972 did not seem to reflect a great deal of urgency over any shortage.<sup>10</sup> In March 1972 the City Subdivision Officer reported that there were almost 5,000 vacant lots in the city under development agreements, including 1,446 scheduled for low cost housing.<sup>11</sup>

Others felt that the shortage was contrived. The Housing and Urban Development Association of Calgary (H.U.D.A.C.) attributed the shortage to time-consuming City policies.<sup>12</sup> City Commissioner Denis Cole thought that the problem lay in lot distribution. Supply lagged behind demand not because of a real shortage of land but because the numerous small builders and even developers had no lots.<sup>13</sup> Cole argued that the major developers could afford the speculative land prices which then became the benchmark. These major players contracted the construction of houses to their own small coterie of builders. The smaller operators were thus squeezed out and production lagged. As an example, Cole pointed out that Makoi Homes, a respected builder capable of building 100 to 150 homes a year, had great difficulty in securing building lots from any major developer. In reference to Carma, Cole further noted that the company’s policy of supplying its shareholder members with serviced lots as cheaply as possible had changed. Since it had gone public Carma had become profit-oriented. This, Cole felt, was impacting negatively on its shareholders, who were finding it difficult to pay for the lots to which they were entitled. Cole was right. In 1976, for example, a group of Calgary builders upset at being the last in line for building lots banded together and formed their own development company.<sup>14</sup>

In December 1973 the President of the Urban Development Institute and the regional manager of BACM in Edmonton said that serviced lot prices in Calgary were among the lowest in the country.<sup>15</sup> This was backed up later in a national study for H.U.D.A.C. by Andrzej Derkowski, a Toronto Planning Consultant, who wrote: “Calgary stands out as the only metropolitan area which has maintained moderate lot and new house prices in spite of having rapid population growth, high income levels, and a highly comprehensive system of land development controls.”<sup>16</sup> Finally, the price of land relative to the cost of a house was still low. Lumber prices, which constituted a far greater percentage of the cost of building a house, were also rising dramatically.<sup>17</sup> As for a shortage

of land, Commissioner Denis Cole felt that “we must seriously counter the statements that there is a shortage of residential land and that a shortage is the major factor in escalating land prices.”<sup>18</sup> However, in the larger scheme of things, a shortage, perceived or otherwise, was still a shortage. Since the quickest and simplest way of redressing a shortage was to increase supply, annexation resurfaced as the City’s logical and easiest solution.

## The Annexation Debate Phase One, 1972–1975

The annexation issue which emerged in 1972 was precipitated by two related events. Both involved Carma and its desire to develop Nose Hill for residential purposes. In November 1971, Carma succeeded in securing the annexation of around 400 acres north of its holdings on Nose Hill.<sup>19</sup> The intent of the annexation, effective January 1, 1972 and unopposed by the City, was ostensibly to provide land for low and medium priced houses. However, it was more likely due to Carma’s desire to consolidate its holdings in the Nose Hill area, and to a growing uncertainty over the future of the hill itself. Perturbed by the suddenness of the annexation, the Regional Planning Commission declined to approve the enabling amendment to the Preliminary General Regional Plan to allow development. Carma responded by pressuring the City in the form of an outline plan for residential development and, through a strong letter, urging the City to appeal the decision by the Regional Planning Commission. The City declined and the projected new suburb of MacEwan Glens remained in limbo.<sup>20</sup>

The City’s reasons for not opposing annexation in the first place are puzzling. There was no immediate need for development in the area. The City’s argument that annexation was acceptable as long as it did not involve a commitment to provide services seems irrelevant given the intent of the General Plan. Furthermore, civic officials were certainly aware that the annexation was out of step with the regional plan.

The second factor precipitating the annexation debate resulted from City Council’s decision in July 1972 to freeze all development on Nose Hill pending a study on its possible future as a park.<sup>21</sup> Faced with the potential loss of extensive tracts of land, Carma saw compensation by way of annexation. The City concurred and began preparing an application to annex an area to the west roughly the size of the Nose Hill lands in the area now occupied by West Edgemont and Hawkwood.

At this point, the City had not committed itself to any policy of annexation. The proposed northwest annexation was justified by the need

to offset the potential loss of land on Nose Hill. It is also possible that the City approved the MacEwan Glens annexation for the same reason. Yet unaccountably and “out of the blue,” the City adopted an Interim Annexation Policy in July 1972. The Policy called for the preparation of a comprehensive annexation policy. This ill-conceived and hasty action was unwarranted, and went against the tenets of higher density then being discussed for inclusion in the upcoming General Plan in 1973.

The adoption of the Interim Annexation Policy was a clear signal to the developers that the issue was back on the City’s agenda. They were quick to press their cause. In a familiar vein, they articulated their rationale for annexation in a series of seminars organized by the Planning Department.<sup>22</sup> The developers opposed limited annexation since it created corridors and drove up land prices. They wanted a three to five year supply of lots to facilitate planning and to accommodate the lengthy approval process. More significantly, the developers pleaded their case for a 15 year supply of land to increase their options and to counter speculation.<sup>23</sup> Extensive annexation was the only answer.

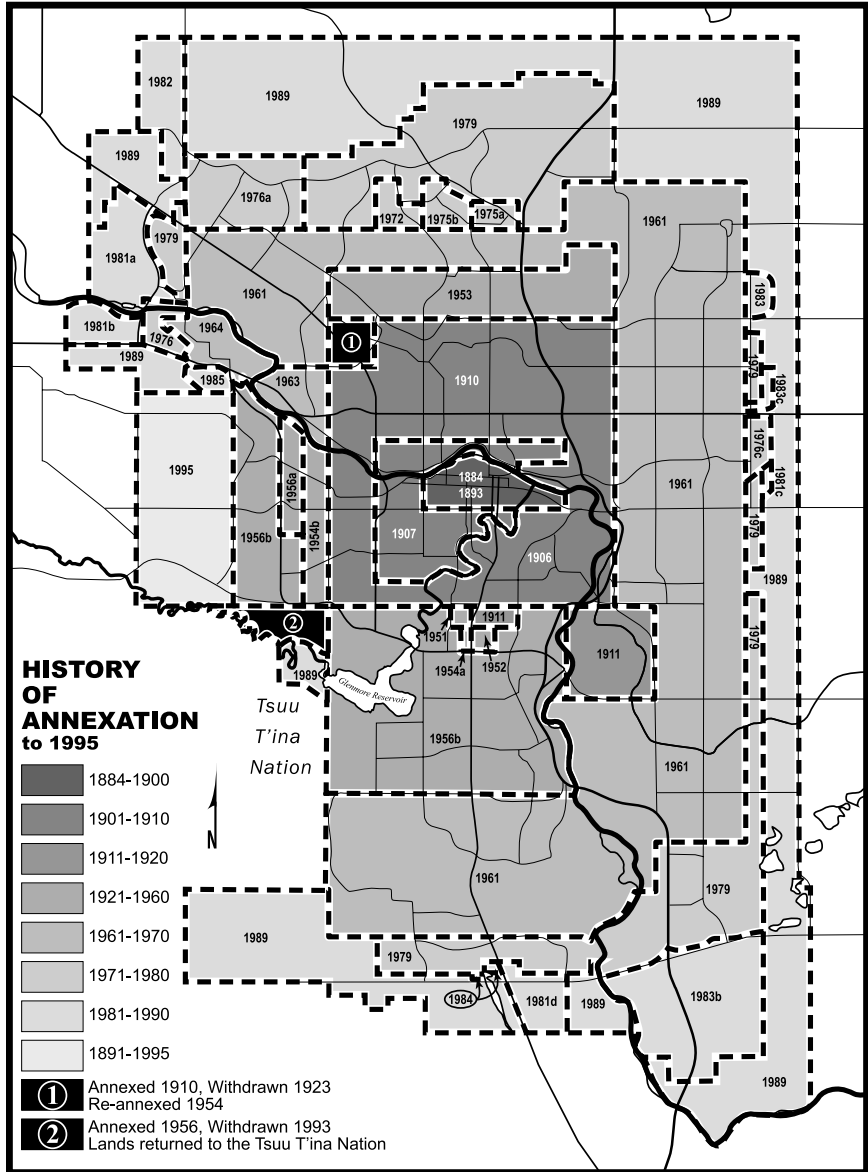
Throughout 1973, the developers continued their assault. In April 1973 Western Realty Projects Ltd. (later Abbey Glen–Genstar) opened a lengthy dialogue with the City on the merits of annexing land under its control north of the city limits. The proposal by Western Realty was a classic example of the insistent *modus operandi* pursued by the larger developers during the 1970s. The first rule of thumb was persistence. Western Realty pursued its ambitions in dozens of meetings and through frequent correspondence. The company set the pattern for the future by assembling a large land base of eleven contiguous sections. Like its successors, Western Realty’s pitch emphasized low priced lots and speedy development. According to vice-president Walter Badun, the resulting quick volume sales would ease the housing shortage and enable early debt retirement for the company.<sup>24</sup> This win-win situation was reinforced by outside consultants’ reports that stressed feasibility and, more importantly, design principles which focused on community identity. Forceful persuasion was another option. In warning the City not to go ahead with its northwest annexation proposal until it had finalized its overall annexation plans, the Company hinted that otherwise it just might have to go public with its proposal.<sup>25</sup>

Carma was also proactive. In pleading disadvantage in the light of lost inventories in MacEwan Glens and Nose Hill, Carma pressed the City to expedite the annexation of 2,500 acres in the northwest.<sup>26</sup> In the south, Kelwood referred to significant lot loss as a result of the Alberta

government's recent designation of Fish Creek as a provincial park. Kelwood lamented a lot inventory of less than five years, and delays of more than three years "due to the various appeals processes."<sup>27</sup> Developers made so many applications for annexations that they forced the Local Authorities Board to order the completion of the City's annexation policy by the spring of 1974.

At the same time, the City seemed rudderless. Its negotiations with Western Realty were vague and if anything tacitly supportive, even though its own engineers had considerable problems with the company's commissioned studies. The City also rejected a report which maintained that three times the present population could be contained within the city by increasing densities. According to Commissioner Denis Cole, there was plenty of land within the city limits to meet the needs of developers for several years.<sup>28</sup> In a contradiction of its own policy the City did not oppose two subsequent small annexations east of MacEwan Glens initiated by developers in 1973.<sup>29</sup>

At first glance, the re-emergence of the municipal land banking question gave an indication of a possible deeper and nobler reason for the City's renewed interest in annexation. Ever since the early 1950s when the City rejected an offer of assistance from the C.M.H.C., the idea of a civic land banking policy, though debated periodically, had never been seriously entertained. Thus senior administrators paid no attention to long-range planner G. Heald when he recommended in 1969 that "the City of Calgary should follow the example of Red Deer and become a major land developer."<sup>30</sup> Three years later, amid the rising land price controversy, the subject of land banking was broached again. In May 1972 an exploratory report on land inventories showed that City holdings of developable lands amounted to only 65 acres of the 5,854 acres under policy review. However, the report also noted the importance of public participation and the need for additional study on market prices for different kinds of housing. The report closed on a cautionary note about the merits of competing with the private sector.<sup>31</sup> Following further study by the Planning Department, George Steber told Commissioner Denis Cole in December that the price of City-developed lots did not differ significantly from those in adjacent privately developed areas. According to Steber, if the City "was to use land banking to provide for an economic group not able to participate in private housing market, in all likelihood it would involve directly or indirectly subsidizing the developed land purchase price."<sup>32</sup>



Source: City of Calgary Archives, Cartographer: Robin Poitras

The above sobering comment did little to aid the cause of land banking as a solution to higher house prices or as a counter to developer monopoly. Cole was clearly in a quandary regarding any firm recommendation to Council. In January 1973, a newspaper article quoted him as saying that land developers were not making excessive profits on the land they bought for development, and that both he and Steber felt that a land banking scheme was premature and required an urban evaluation study to identify alternative growth patterns.<sup>33</sup> However, less than a month later, Cole's ambivalence showed when he expressed the opinion that the City should get into the land banking business by buying land for between \$9,000 and \$10,000 an acre and then passing it on to small builders in order to "put them in a highly competitive position with the big boys who are working together."<sup>34</sup>

Any incentive to pursue a City land banking policy was dampened by discouraging reports from Edmonton, where a land-banking scheme was being used to create the suburb of Mill Woods. An *Edmonton Journal* article in June 1973 commented on the slow rate of lot release and argued that it was not enough to influence overall land prices.<sup>35</sup> Then in August 1973 a University of Alberta Sociology professor told Mayor Rod Sykes that lots in land-banked areas did not lower prices elsewhere in the city and might actually raise them. He also debunked the notion that housing prices were directly linked to the number of serviced lots available.<sup>36</sup> It was enough to convince a dubious administration to go no further. In spite of subsequent Council inquiries, a highly successful industrial land-banking program, incomplete information on Edmonton, and the positive experience of other cities like Red Deer, City officials were loath to abandon their adherence to the principles of private enterprise, or to relinquish fuzzy beliefs about land banking, subsidization, and concomitant evils. Over two years later, nothing had changed. In October 1975, the City's Housing Committee concluded that the "Canadian experience with land banking has not been notably successful in keeping house costs down nor in achieving short term results."<sup>37</sup> Any chance the City might have had to deploy annexation to effect long-range control over land prices was lost.

The days of the Interim Annexation Policy were numbered by the beginning of 1974. What transpired in March was surprising. First, the Planning Department presented City Commissioners with a report entitled "Alternate Annexation Policies for the City of Calgary." Despite the fact that the report offered no specific recommendations, and instead generalized on how a comprehensive annexation plan might provide

competition between developers and result in lower land prices, its impact was dramatic. A few days later, the City Commissioners recommended a Comprehensive Annexation Plan involving extensive additions to the city on the north, northwest, south and southeast.<sup>38</sup> Following subsequent additions by the Calgary Planning Commission, the area to be annexed totalled more than 125 square miles.

The reasons for the phenomenally large area were based on assumptions about efficiency of planning, rational utilities extensions, unified transportation systems, and, of course, a way to avoid the inevitable evil of fringe communities. It was argued that land use in the annexed area would be subject to several options and that urban development might not even occur in some areas. Front and centre in the report's preamble was a referral to the McNally Commission and to the "substantial benefits implicit in a unitary form of government." The Commissioners also recommended speedy approval and that "a formal application for annexation of these lands will be prepared and submitted as quickly as possible." This inexplicable and unprecedented turnaround in civic policy making took City Council by surprise. Following a lengthy debate, Council approved the proposal in May but decided to put the matter to the citizens in a plebiscite in conjunction with the fall civic elections.<sup>39</sup>

The decision was music to the developers' ears. Only weeks later, Carma submitted a proposal for "a balanced and innovative series of eight village communities linked by a high wandering street" on 3,000 acres outside the city limits. By July, City Planner George Steber was complaining about developers preparing their own design briefs ahead of annexation.<sup>40</sup> H.U.D.A.C. conducted an expensive campaign to convince voters of the benefits of annexation by appealing to the central place of the construction industry in Calgary's economy.<sup>41</sup> In fact it argued that the area to be annexed was inadequate and should encompass more scope and uniformity in all four directions.<sup>42</sup>

Not surprisingly, given its magnitude, the obvious haste with which the proposal had been prepared, and the attitude of the provincial government, the annexation proposal was doomed from the outset. No information seminars were offered to the public to acquaint it with the intricacies of the issue. Costs were not considered. The Chief Engineer, for example, cringed before the potential bill of over \$100 million to service the sparsely populated annexed areas with utilities.<sup>43</sup> Most aldermen were against the proposal and said so during their campaign for re-election.<sup>44</sup> Mayor Rod Sykes referred to the plebiscite as "an insult to the voter," a sentiment echoed by one journalist who called it "a huge joke."<sup>45</sup> Not all

the City Administration was supportive. Parks and Recreation Director Harry Boothman thought that the proposal was a misplaced panacea to growth as a natural good, and noted that it ran counter to current trends in sprawling American cities.<sup>46</sup> In addition to the press, several community associations voiced their disapproval.<sup>47</sup> More significantly, the Calgary Regional Planning Commission was opposed. According to Director Rhys Smith, “the commission does not agree with sense of the urgency sounded for the annexation of this massive area.” In a veiled attack on developers and their arguments about land supply, Smith continued, “we believe annexation is not going to check the rise in land prices nor is such a move going to put large areas of land onto the housing market with readily available serviced lots.”<sup>48</sup>

Moreover, the non-binding plebiscite was futile given prevailing provincial policies. Regardless of its outcome, there was no way the Province would have approved it. In fact any annexation application, let alone one involving huge areas, subverted provincial policies aimed at curbing urban growth through decentralization. As an example in point, the Local Authorities Board refused the four-square-mile northwest annexation application only a month after the plebiscite.<sup>49</sup> The “Twenty Red Deers” policy, as one provincial initiative was facetiously labelled, called for a more equitable distribution of urban population by encouraging institutional and industrial development in smaller centres.<sup>50</sup> The provincial government’s sensitivity towards emerging land use issues and urban growth had also been reflected in March 1973 when it established a Land Use Forum to collect public opinion on the changing urban-rural demographic. These included a strong focus on the proper place of agriculture, the role of land use in influencing population distribution, and, most significantly, “land use in and adjacent to urban areas as it affects the cost of housing.”<sup>51</sup>

None of the above mattered, since the plebiscite was soundly defeated on October 16 by a three-to-one ratio. When asked for his comments, James Henderson of Qualico Developments called for “a lot of research, and more head scratching,” and predicted that annexation questions would provoke “interesting political confrontations in the near future.” City Planner George Steber summed it up more succinctly when he said, “It’s something Council will have to decide.”<sup>52</sup> He was right. Nothing had been achieved and it was back to the drawing board. Commissioner George Cornish later contended that the defeat of the plebiscite created uncertainties over future land supplies and reduced opportunities for developers to choose the best and most cost-effective parcels.<sup>53</sup>

The initiatives taken by Carma, and the City's political response to the rising cost of housing, had led to hasty action. The City resurrected annexation as an official issue of concern and then prepared a plan that had no chance of success. It would have been far better, in light of what appeared to be an adequate land inventory for the City, to have prepared a policy consistent with the 1973 General Plan. But the City had done more than waste its time with respect to annexation. It had also embroiled itself in a messy controversy involving a major developer in the city. The BACM-Genstar inquiry provides an excellent insight into the annexation debate and City/developer issues, as well as the often self-defeating machinations of local government.

### Project Apollo: The BACM-Genstar Issue, 1973–1975

In January 1973, Chief Commissioner George Hamilton made a highly irregular decision. Without consulting City Council he commissioned a private study by two reputable Calgary firms. Burnet, Duckworth, Palmer, Tomblin & O'Donohue were lawyers; Laventhol, Krekstein, Horwath and Horwath were accountants and management consultants. Their task was to investigate the activities of Genstar Limited in Calgary and peripheral areas in order to determine if

the scope of such operations is such that Genstar Limited has attained or could attain a position where its activities could be deemed capable of unduly preventing or lessening competition or adversely affecting prices in one or more of the said industries to the detriment of the residents of the City of Calgary.<sup>54</sup>

The secret investigation was given the code name "Apollo." Progress reports were to go to Hamilton only, with the investigation being conducted by as few people as possible. In accepting the commission, both companies stipulated that since the report was for confidential purposes only, it should not be released without their written consent. They further underscored the type of research they would be conducting with the cautionary comment that "we will not be in a position to guarantee our findings."<sup>55</sup>

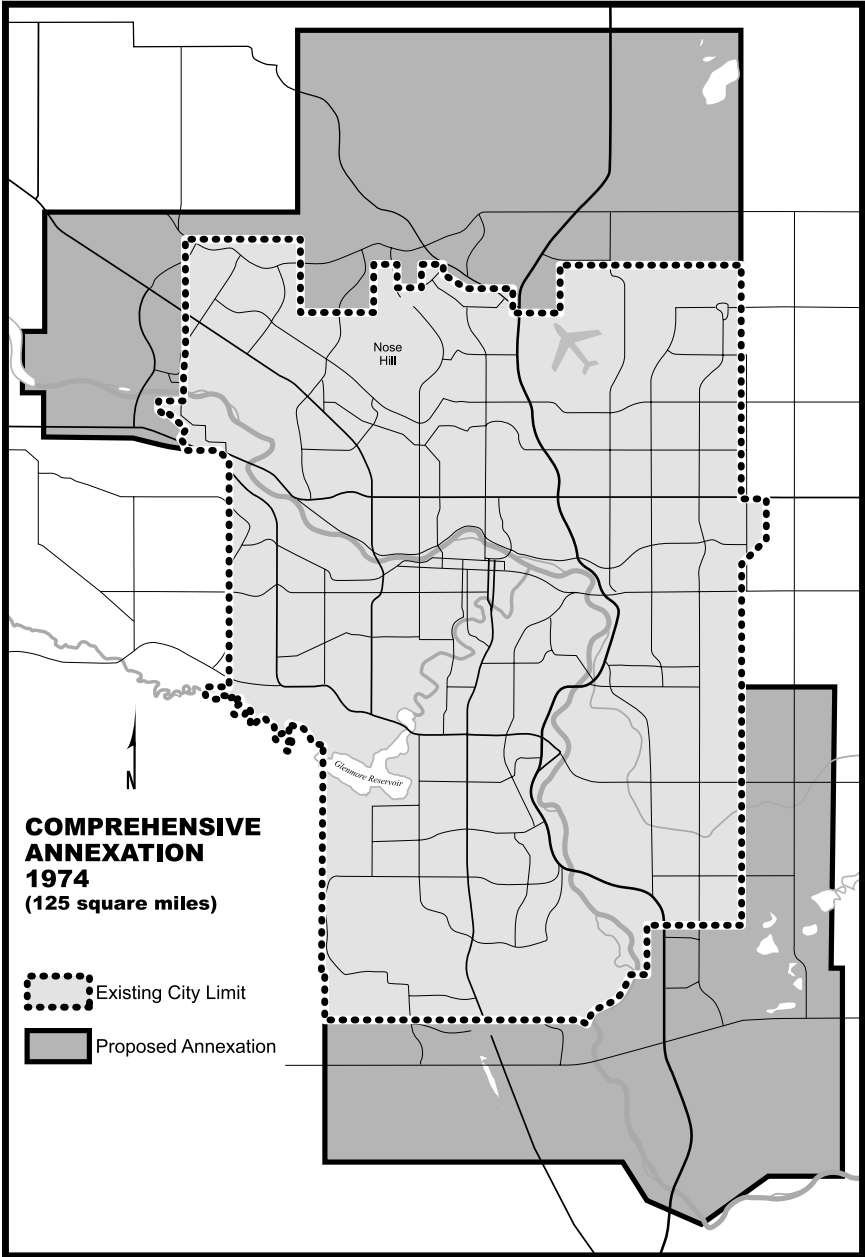
Hamilton's actions were doubtless prompted by the ongoing debate over the shortage of building lots and by allegations that developers were wielding excessive control over their distribution. Denis Cole had noted as much in a July 1973 report in which he had indicated that the competitive aspect of the developers' market bore watching.<sup>56</sup> Should

the report warrant, Hamilton intended to submit it to the federal Combines Investigation Commission. Hamilton kept his own counsel on the matter until June 1973, when he confided in fellow Commissioner Denis Cole. A month later, the investigators informed Hamilton that the cost of the report would be significantly higher than the \$10,000–25,000 originally projected. Worried that payment might be an issue, the investigators suggested that the mayor be advised. Hamilton refused.<sup>57</sup> Though now clearly concerned about the clandestine nature of Apollo and its possible implications, the investigators went ahead and completed their investigation in the fall of 1973. A draft of the report was delivered to Hamilton on December 11 with a covering letter which stressed its subjective nature and the fact that it “has been prepared solely for your information and guidance and may not be used or quoted in whole or in part...” In early January 1975, Hamilton gave copies to the other appointed Commissioners and the City Solicitor. At this point, the Mayor and City Council had not been advised of either the investigation or the report.

Details in the often rambling and repetitive report were as potentially explosive as the investigators feared. It opened with its two main conclusions. According to the report, Genstar had secured market dominance in a wide range of construction-related industries to the degree that its activities could be deemed capable of “unduly preventing or lessening competition or adversely affecting prices.”<sup>58</sup> The report recommended further investigation to substantiate its findings but felt that a *prima facie* case existed for the presentation of the report to the Director appointed under the federal Combines Investigation Act.

The report focused primarily on Genstar subsidiary BACM Industries.<sup>59</sup> In documenting its “dominant role in heavy construction, building materials, land development and housing activities,” the report discussed BACM’s extensive horizontal and vertical involvement in virtually every component of the house-building industry, from land development to quarries and concrete manufacturing plants, and from house sales to gypsum wallboard and kitchen cupboards. In addition to BACM, the report cited Nu-West and Qualico Developments, and concluded that an “oligopolistic situation exists in this City with the evidence of an increasing market dominance by the three major builders.”<sup>60</sup>

While the above conclusions had possible legal ramifications, the fact remains that most of the information was derived from the public realm. Certainly the City was well aware of who was building where in the city and how much. The real significance of the Report was contained in the section titled “Assumptions,” which discussed land assembly on the city’s



Source: City of Calgary Archives, Cartographer: Robin Poitras

periphery. Admitting subjectivity and incomplete information despite due diligence, the report offered the opinion that BACM and possibly Qualico Construction had acquired extensive tracts of undeveloped prime land in the city's southeast corridor.<sup>61</sup> The report made similar observations about land assembly by Carma in the northwest and northeast and Nu-West in the northwest. "Should their anticipation prove correct," the report observed, "the companies face the prospect of windfall profits and control of developable land and serviced lot supply."

With the report and its strong indictments now in their hands, the Commissioners faced the decision of how to act upon it. After receiving the investigators' bill of \$78,000, the newly appointed Chief Commissioner, Denis Cole, apprised Mayor Rod Sykes of the situation. In a "strictly confidential" letter to Sykes on February 28, 1974, Cole absolved himself, and indeed the report as well, by referring to its public nature. However, he was not dismissive. Though he felt that the problem was still only incipient, Cole thought that Genstar posed a threat and "that it would therefore seem that some action must be taken to break [its] power and control." His solution lay not in trying to achieve more competitiveness in the industry or in a public land-banking scheme, but in pressuring the Province to intervene. After suggesting alternatives, including revised Combines legislation, Cole concluded with the comment, "it is the unanimous view of the authors of this report, the Commissioners and our City Solicitor that it would not be in the public interest to reveal the contents of this report to Council or the public until we together have had an opportunity to thoroughly review its implications and the steps to be taken to safeguard the interests of citizens of Calgary."<sup>62</sup>

Sykes, though very upset over Hamilton's actions, agreed with Cole.<sup>63</sup> Council was not notified. On April 30, 1974, the Board of Commissioners discussed the matter at length. It was agreed that the best course of action was for Sykes to present the report personally to the appropriate federal authorities, but not before a second opinion was received, and after BACM had seen it. In the interim the report was to remain confidential. A land policy review was also urged.<sup>64</sup> The report was then sent to A.W. Howard of Howard, Dixon, Mackie and Forsythe for a legal opinion. It was also decided not to allow BACM to see the report until after Howard's response. Howard offered his first opinion on July 24. Though he could not comment on the factual data, Howard supported the report's opinions and conclusions but recommended against giving it to BACM, since the "publicity that might result therefrom may in fact bring the matter to public attention ... and hamper the investigative efforts of

the Combines Investigation Branch.” When Howard wrote to Cole again on September 9, he recommended sending the report to the Combines and Investigation Director on a confidential basis with a covering letter stating that there had been no communication with Genstar. In advocating utmost secrecy, Howard stressed that “the report itself should be and remain exactly what it is – a confidential report.”<sup>65</sup> Eleven days later, citing concerns in “current trends in the land development, construction and housing industries which could, if they have not already, lessen the competition or adversely affect prices,” the Mayor and Commissioners decided on a delegation to Ottawa to present this “confidential information” to the Department of Consumer Affairs.<sup>66</sup>

On September 26, four days before Chief Commissioner Denis Cole and City Solicitor Brian Scott discussed the Genstar report with Robert Bertrand, the Director of Investigations and Research, Mayor Rod Sykes wrote a puzzling letter to Bertrand.<sup>67</sup> While not mentioning the report, Sykes referred to increasing monopoly control of land and construction materials and stated his belief “that too few firms now control too much land and their price setting mechanism is such as to raise residential land prices unduly.” Sykes then went on to support Cole and Scott and requested an inquiry pursuant to a formal investigation. However he also qualified his remarks by warning that any inquiry “will undoubtedly show that the Council of the City of Calgary may itself have contributed to this concentration of land holdings by selling areas that were municipally owned to the landowners about whom we are concerned and by proceeding with annexation to assist them to bring their lands within the development market.” After acknowledging his own efforts to prevent such malfeasance, Sykes added that “it seems rather unusual for me to draw this matter to your attention when in fact or City Council may be one of the offenders in that it contributes to the problem it complains about.”

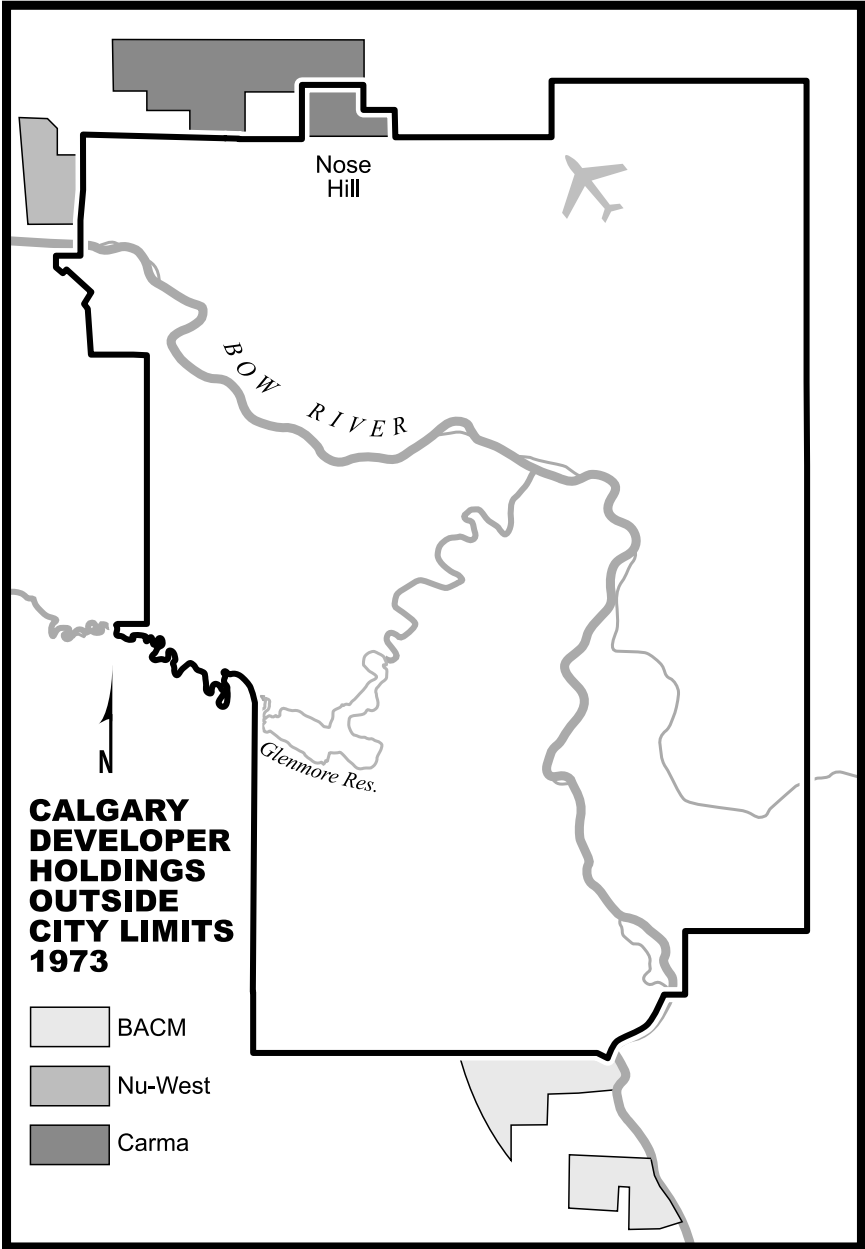
The reasons behind this strange correspondence are conjectural. The most logical suggests that Sykes was genuinely concerned about removing himself from an inquiry that he felt might indict City Hall. However, it is also distinctly possible that it was a guarded reference to the entire validity of the Genstar Report, as attested by his later remarks on its political nature. Its effect on the Combines Investigation officials is not as conjectural, as Sykes’ comments could hardly have prejudiced them in the City’s favour. The reply received by Sykes on October 4 from Bertrand was not helpful. Bertrand did not refer to Sykes’ fears. He did, however, acknowledge receiving the report and its usefulness in helping him determine whether a violation had occurred under Section 27 of the

Combines Investigation Act. Bertrand then closed the matter by saying that any subsequent investigation would be privately conducted and in effect the City would be hearing no more about it.<sup>68</sup>

The mayor and commissioners, however, had prevaricated too long. It is not known whether she was the first to secure information about the report, but on September 23, during the regular City Council meeting, Alderman Barbara Scott requested a list of reports prepared by commissioners which had been kept from aldermen. Scott noted that she had reason to believe that such reports existed and likely thought that they had to do with the big annexation issue. Cole was evasive in his answer. Without mentioning any secret report, he told Scott that she would receive a copy but it would be up to her whether or not to release it to the public.<sup>69</sup> Doubtless with this latter comment, members of the press in attendance pricked up their ears.

With the press baying about secrecy, intrigue, and the upcoming plebiscite, project Apollo had become a political football. Cole tried to defuse the situation. In a letter on September 30 to the mayor and Council with copies to the press, Cole exonerated the mayor and justified the secrecy surrounding the report on the basis of its sensitive and subjective nature. He also felt that the aim of the report had been achieved through its submission to the federal authorities and hinted that more would be lost than gained by releasing it to the public.<sup>70</sup> It was not enough. Council demanded to see the report in a special meeting on the morning of October 3. In a closed session later in the day, and following a heated three-hour debate, it voted nine to four to release the report to the public. Council's decision was made in the face of strong contrary advice by Commissioners, the City Solicitor, and Mayor Sykes, all of whom had raised the potential for legal action.<sup>71</sup> According to Sykes, the City would "be blown out of the water by a massive lawsuit."<sup>72</sup> Alderman Eric Musgreave assessed the majority mood when he said "the important thing is that we have one politician, four commissioners and a few lawyers who are telling us that they are the important people and that they know better than we do how the people are to be governed."<sup>73</sup>

The reaction was swift and predictable. In a special release on October 7, Nu-West distanced itself from the accused by stating that "it had no connection whatsoever with the Genstar group of companies."<sup>74</sup> Carma seemed unperturbed saying that "it had nothing to hide." BACM noted its amazement that the City "could pay so much for information already available in the public domain."<sup>75</sup> Even before the report was released, BACM and Carma disclosed details to the press respecting their land



Source: City of Calgary Archives, Cartographer: Robin Poitras

holdings both within the city and in the proposed annexations area.<sup>76</sup> BACM claimed ownership of 1,640 acres within the city and 3.5 square miles in the annexation area, of which 2.5 square miles was under an option to purchase. Carma controlled 7,000 acres, mostly outside the city, of which 1,200 were in the proposed northwest annexation area. Matters became more serious after Calgary MP Eldon Woolliams brought the subject up in the House of Commons. On October 9, BACM Vice-President Tom Denton announced that the company's reputation was "irreparably harmed," by the report's "inaccuracies, distortions and unsubstantiated allegations," and that Genstar was made to appear "mysterious and conspiratorial and that nothing could be further from the truth."<sup>77</sup> By the middle of October and the day after the defeat of the annexation plebiscite, the City was in damage-control mode. On the 17th, Denis Cole contacted Ralph Scurfield of Nu-West, informing him that the City was well served by the land developers but that the need to protect the public warranted "close watchfulness."<sup>78</sup>

On February 2, 1975, Genstar Counsel, James Unsworth, wrote to the City, accompanying his comments with an eight-page, point-by-point documentation of errors and inaccuracies in the report. According to Unsworth, the report was highly discriminatory and disturbing given its errors, deceptive slant, and inflammatory tenor. In his opinion the business activities of Genstar and its subsidiaries "have been and will continue to be adversely affected." Unsworth further indicated that the company was owed a public apology. Three weeks later Denis Cole announced that Genstar was going to proceed with legal action against the City. Faced with the prospects of a seven-figure lawsuit that it very well might lose, the City opted to save money if not face. After several meetings, Genstar's lawyers agreed to drop the suit in favour of a public apology. On June 23, 1975, in a joint press release, the City admitted that "the report contained inaccuracies and could contain innuendos that could reflect unfairly on Genstar and its subsidiaries for which the City sincerely apologizes." According to Rod Sykes in a private correspondence to Robert Bertrand a year later, the report was also "politically inspired."<sup>79</sup> As agreed by the two parties, the matter was declared closed and no further comment was made by either.

The federal government, however, did follow up. A preliminary investigation which included detailed interviews with several City administrators was carried out by the Investigation and Research Branch of the Department of Consumer Affairs. In a press release on June 15, 1976,

Director Robert Bertrand announced that the matter was not such as to warrant inquiry under the Combines Investigations Act. In concluding that no violations had occurred or were about to occur, Bertrand disdained the report by saying that “a good deal of time and public money has been wasted on a political witch hunt.”<sup>80</sup> Yet was all lost? The publicity generated by the report did elicit some remedial action by the Genstar group. In December 1975, BACM piously announced that it had sold its 8 percent interest in Carma “to allay public concern no matter how ill-conceived.”<sup>81</sup> Also, one wonders whether the implications of the Genstar Report had any bearing on a subsequent amendment to the Combines Investigation Act which extended monopoly restrictions to the service sector.

The Genstar Report became a political issue not so much for what it implied but rather in that it was seen as a way of undermining the credibility of an able but controversial mayor. Rod Sykes’ reputation for antagonizing certain aldermen and administration officials was well advertised, and two mayoralty hopefuls saw the Genstar report as a way of ending his tenure. They felt that he was using the issue to paint himself as a champion of justice and a martyr to boot. Ed Dooley claimed that Sykes had known about the inquiry all along and may have actually initiated the study. Peter Petrasuk said that it was he (Petrasuk) who had actually suggested the report to Commissioner Hamilton as necessary to combat undue developer influence.<sup>82</sup> Sykes was re-elected, albeit with a reduced majority. The way in which the Genstar Report was handled showed how parochial interests triumphed over good judgment. Any benefit the report might have had in terms of frank dialogue with developers was lost amid political infighting.

In terms of the information delivered by the report, BACM was right. It certainly was not worth \$78,000. The statistics on land assembly were neither accurate nor comprehensive enough.<sup>83</sup> Moreover, since land monopoly was currently excluded under existing federal legislation, it did not matter anyway. Furthermore, any common sense observation would have deduced that land ownership in growth corridors was likely to occur in advance of development and that those with “the deepest pockets” would be the most involved. On the other hand, the Genstar Report proved this assumption. In that context, the report’s major impact was the force it lent to the Commissioners’ sudden decision in early 1974 to seek the huge annexation area. Finally, there is the matter of its political inspiration referred to by both Sykes and Bertrand. Here, the absence of evidence precludes elaboration or conclusion.

## The Annexation Debate Phase Two, 1975–1978

Though the defeat of the plebiscite in October 1974 left the City with no annexation policy, it was obvious that the issue was not going away. The City's commitment to annexation was reflected in its brief to the Alberta Land Use Forum in February 1975.<sup>84</sup> The submission saw outward growth as irreversible and noted that Calgary could house a million people without any loss of quality of life. It was also contended that the aspirations of young families for a bigger house in the suburbs had led to a concentration of population increase in the fringe areas. While Calgary's total population grew by 8,600 in 1973, the fringe areas just outside the city had increased by 15,000. The submission hotly criticized the Province's decentralization policy; its prevarication over roads in new areas, and its negative attitude towards annexation. Support was lent to the developers' argument that rising house prices were linked to a shortage of land, and to the uni-city concept as a guiding element and a brake on speculation. It was also obvious that the City was not concerned about the negative implications of low density outward development. Chief Commissioner Denis Cole equated urban sprawl with "leap frogging" or non-contiguous development, phenomena contrary to development patterns in Calgary. This of course led to the inescapable conclusion that any association of Calgary's growth with the "true meaning" of urban sprawl was, to quote Cole, "totally inappropriate."<sup>85</sup>

Annexation issues continued to dominate civic politics from 1975 into 1978. As has been discussed, the City viewed annexation as a positive step to avoid the emergence of fringe communities and for control and planning purposes. On the other hand its timing had to be set against need, and this was difficult to justify when large areas of undeveloped land existed within the city. The developers wanted large-scale annexation for their own purposes. When they began agitating for annexation, couching their arguments in terms of inadequate inventories and promising lower house costs, they furnished a rationale for the City to do what it wanted to do anyway. The role of the developers in influencing annexation must be assessed in the above light. Of more significance is the degree to which the developers persuaded the City to adopt their ideas about the scope and direction of annexation. It was here that their persuasiveness was most evident. The annexation application that was approved by the Local Authorities Board in February 1978 was a clear vindication that they had won their battle.

By the mid-1970s, not a great deal had changed in the annexation debate. If anything there was less need for annexation. The Planning Department observed in 1976 that the City had a seven to eight year supply of available land.<sup>86</sup> A survey taken in September 1976 showed that land within the present city limits could house over 242,000 people.<sup>87</sup> The emerging Strathcona area alone promised housing for 50,000 people.<sup>88</sup> Fifteen hundred acres had been removed from the original Nose Hill Park area and made available for residential development in east Edgemont.<sup>89</sup> On appeal in 1975 the Local Authorities Board had reversed its original decision to refuse the annexation of 2,500 acres in the northwest.<sup>90</sup> It was further argued that the type of housing being built on an annual basis actually exceeded population needs by over 200 percent and that at 7.5 persons per gross acre, Calgary had one of the lowest densities in North America.<sup>91</sup> In May 1976, the Planning Department offered the alternative of increasing densities in areas within the city through town house projects on land under development control, and suggested as an example three possible projects that could house 46,480 people on 516 acres.<sup>92</sup>

Despite the above, the developers stressed minimal lot inventories within the city and, after 1974, spiralling house prices as warranting annexation. Both Nu-West and Kelwood referred to the “proven need for additional land for residential purposes,” while the U.D.I. made much of the “current shortage situation.”<sup>93</sup> To counter contrary viewpoints, the developers indicated the amount of developable land within the city that had been taken off the market. This included 2,500 acres for Nose Hill Park, 3,000 acres south of Fish Creek, 1,100 acres in the northeast, while along Barlow Trail, a sizable chunk of potential residential development had been given over to industrial use. The developers were overstating the shortage. Though their assertions about Nose Hill and Barlow Trail were correct, the other 4,100 acres were in a delaying mode. The lands south of Fish Creek waited on a transportation study, while those in the northeast were temporarily frozen pending the solution to a sour gas problem.<sup>94</sup> The developers also supported their contentions about high house prices by arguing that land values within the city encouraged only the upper ends of the market when the most pressing need was for lower priced homes. Without exception they accompanied their applications with promises to deliver lower-cost housing. Interestingly, a Planning Department document released in 1976 was of the opinion that lower priced housing in annexed areas would still be impossible to achieve due to spiralling construction and land costs.<sup>95</sup>

The annexation process that unfolded between 1975 and the spring of 1978 was incorporated in three main policy decisions. Following on the heels of the defeated plebiscite, City Council adopted another Interim Annexation Policy in March 1975 which called for the preparation of a comprehensive growth policy as part of the review of the Calgary Plan.<sup>96</sup> A year later the City unveiled its overall philosophy for the General Plan in what was termed the Balanced Growth Policy. In support of the latter, Council approved the Balanced Annexation Policy a few months later. All showed strong developer influence.

The Interim Annexation Policy's contradictory nature rendered it ripe for exploitation. It was supposed to forestall annexation while allowing it. Applications for annexation were considered within seven criteria.<sup>97</sup> These included need, size of annexation, servicing, relationship to existing development within the city, effect on adjacent uses, and existing land use and alternative uses. Vague and open to wide interpretation, these criteria encouraged the developers, who were anxious for both short and long term land. "Need," for example, was linked to "ensuring a satisfactory overall development pattern in the long term" – whatever that meant – and to whether or not the land was needed to complete a development within the city limits that might not have even been begun. Furthermore, while the annexation of large areas was to be avoided, they was to be enough to create immediate communities. No guidelines were provided. Not surprisingly, the Urban Development Institute went on record as supporting the policy.<sup>98</sup>

The developers made a mockery of the Interim Annexation Policy by assembling land on the city's periphery and applying to the City for annexation, easily justifying their claims under one or more of the seven criteria. By October 1975 the City was entertaining six applications involving 23,778 acres (37 square miles) with provision for a population of 371,500. Abbey Glen (formerly Western Realty Projects) held over 7,000 acres in the north. Carma had 3,680 acres north of the city near Simons Valley Road. Nu-West controlled 2,500 acres in the Scenic Acres area in the northwest. Kelwood and Richfield Properties owned about 2,600 acres in the Midnapore-Sundance area in the south. Daon and BACM controlled over 8,000 acres in the city's southeast corner. However, instead of dismissing all applications as premature pending the completion of the General Plan, the City ultimately approved them all for annexation before the end of 1976. It did not matter, apparently, that the size of the applications violated the intent of the Interim Annexation Policy or that the aggregate land acreage involved grossly overstated the City's

requirements, or that some had been met with strenuous disapproval from surrounding communities.<sup>99</sup> The official mind was made up. The question is, why?

The fact that every application promised lower cost housing led the City to embrace the various annexation proposals, sometimes over strenuous public objections. Abbey Glen's proposal is a good case in point. It called for housing for 50,000 people over 25 years. Inducements included moderately priced lots, a man-made lake, a very large dedication for reserves and an initial allocation of at least 100 acres for public housing.<sup>100</sup> Yet when Abbey Glen presented its proposal at a public meeting of north Calgary communities in February 1976, the reaction was one of anger and disgust. According to the vice-president of the North Bow Community Association, Abbey Glen accompanied a "cooked agenda" with "manipulated statistics" and a "slick presentation" that focused on how development should proceed rather than on the question of annexation. It was also pointed out that citizen participation was becoming a developers' tool to secure support through "very carefully structured meetings, incomplete and misleading answers, attempts to control the meeting and deliberate attempts to confuse the citizens."<sup>101</sup>

Civic officials were fascinated by Daon's "Project 16" proposal to annex 8,250 acres in the southeast. Daon envisaged a centrally planned community with single and multi-family residence within a network of services and amenities that would meet moderate income housing needs for next 20 years. The area was easily serviceable and offered opportunities for employment estimated at 6,400 jobs in the first phase. The application was accompanied by a sophisticated brief that drew on five independent consultants' reports on utilities service planning, conceptual planning and market analysis, landscape resources, transportation, and environmental impact assessments.<sup>102</sup> In late 1975, without notifying the City, Carma asked the Province to expedite annexation of its lands in the north so it could construct low cost housing.<sup>103</sup> Carma's irregular and unsuccessful initiative showed the intensity with which the developers used low cost housing as a lever for annexation preference.

In March 1977, the City introduced its Balanced Growth Policy.<sup>104</sup> It too bore the clear stamp of developer influence. The Balanced Growth Policy was to be incorporated into the General Plan as a guide to long-range population growth and subsequent annexations. Based on a valid population projection of 778,000 in 1996 (768,082 actual), the Balanced Growth Policy provided for the 127,000 extra people not covered by existing design briefs within the present city limits. It grew out of the eight

Alternate Growth Strategies prepared throughout 1976 and made available for discussion in October.<sup>105</sup> Each strategy had a policy and a spatial component, the latter specifying precisely where the projected 127,000 would be housed by 1996. All involved some annexation.

Three of the strategies proposed increased densities in existing built-up areas. In Strategy A, “The Compact City,” annexation was discouraged in favour of increased densities. Under this strategy, 80,000 people would live well within the existing city limits. Another 24,000 would be housed in the far northwest and 23,000 in the south. Annexation would be required to house about half this number. The use of the car was discouraged: Under this more compact city, there would be a major shift towards public transit. Strategy E, “Conservation and Rehabilitation,” emphasized the improvement of existing housing stock in the inner city areas and the use of non-agricultural land for residential expansion. This was reflected in a population node of 10,000 in the inner city area, with the remaining 117,000 being located mainly on annexed marginally productive lands in the north and northwest. The other strategy to embrace increasing densities in central built-up areas was Strategy D, “Maximum Efficiency of Investment and Resources.” This strategy opted to increase densities in areas of existing infrastructure, especially along transportation routes. Six spatial nodes were envisaged, five on the periphery in the north, northwest, east, south and southwest, and one housing 55,000 in existing central built-up areas.

The other strategies made no provision for increased densities in existing built-up areas. Strategy B, “Modified Trend,” encouraged outward growth by placing the entire 127,000 increase in four population nodes on the city periphery. Annexation would be required in all four in the northwest, north, southeast and south to house more than half. In this strategy, “the car would remain the principal means of movement. Strategies C, “Decentralized Employment,” and F, “Price of Housing,” also called for outward population growth and advocated even larger annexations. In Strategy C the intent was to move employment away from the downtown. A major population node was chosen in the north and two others in the south and southeast. In Strategy F the rationale was to minimize the rate of increase in housing prices. Three variations were submitted. The first F(i), had five population nodes similar to Strategy B. In F(ii) the entire 127,000 were located in the north, and in the south in F(iii). Of all strategies, F advocated the largest annexations.

During the subsequent intense discussion and evaluation by City administrators, it was clear that Strategies A and D were the most

preferred. A financial appraisal that examined the operating and capital costs favoured them for their efficiency. Eight of the eleven City departments ranked them first or second. A sophisticated analysis that measured all strategies against the 69 objectives in the proposed General Plan placed Strategy A first and Strategy D second, both far above the others.<sup>106</sup> Yet in February 1977, Council was offered a hybrid alternative called “The Balanced Growth Strategy.” It was not, however, as might be expected, a choice of or combination of A and D. So what happened? Evidence suggests that the City may have bowed to developer pressure.

As soon as the Alternative Strategies were made known in October, the developers went on the offensive. In voicing its concern to the Mayor and Council on November 12, H.U.D.A.C. felt that they should be amalgamated into a single preferred strategy.<sup>107</sup> The City’s reply gave the first hint that the official mind had not settled on any specific strategy. According to Commissioner George Cornish, H.U.D.A.C. had little cause for concern since the amalgamation it sought would evolve naturally anyway.<sup>108</sup> Of far more significance was a correspondence on November 18 to the City Planning Department from David A. Levins, Chair of the Calgary Plan Review Committee for the Urban Development Institute.<sup>109</sup> In a lengthy plea, Levins argued that the City’s spatial strategies, by allocating specific populations to individual areas, would serve to increase rather than reduce the cost of housing. He then went on to suggest an additional strategy. Levins’ Strategy G, “Flexible Development Control,” dismissed specific population projections in various areas, and essentially called for the market to regulate house prices, through innovative design, the abandonment of the 22 per acre density pattern in certain areas, and consistent and ongoing annexation. His “Policies” section jibed nicely with that of Strategy D by stressing redevelopment where possible and in aligning increased densities with transportation infrastructure.

In assessing the advantages of the new strategy against the 69 objectives in the pending General Plan, and offering to work with the City, the U.D.I. showed itself at its persuasive best. But if the U.D.I.’s feelings on the matter had been made quite clear, the City’s response eleven days later was equally revealing. In a carefully worded reply, City Planner George Steber was only mildly critical, noting that population projections were a requirement under the General Plan and that control in growth corridors was an economic necessity.<sup>110</sup> He then went on to suggest that the population projections did not matter anyway since “the extension of infrastructure in any direction approved as part of the growth strategies would be greatly influenced by market pressures for development

in that direction....” Steber concluded by emphasizing that “most of the issues raised by you can and will be dealt with in the final strategy adopted by Council,” and noted specifically that the U.D.I.’s alternative strategy was a blend of Strategies B (Modified Trend) and F.

The Urban Development Institute made its final appeal in late February 1977.<sup>111</sup> First it referred to earlier comments made by Commissioner George Cornish with respect to the population projections. Cornish had apparently agreed with Steber and had made it clear, according to the U.D.I., that the projections represented existing utilities and transportation thresholds and were not allocations to limit growth to the preclusion of others. In rejecting the higher central residential densities suggested by Strategies A and D, U.D.I. President Larry Butler observed: “We’ve all seen in these council chambers how often the public reacts to increased density in their neighbourhoods.”

On March 7, 1977, City Council accepted the Board of Commissioners’ recommendations and adopted the Balanced Growth Strategy, which called for annexation in four areas to accommodate the distribution of over 120,000 people on the city’s periphery. It was not, however, one of the eight alternatives but a combination of Strategies F(i) and D. The choice of the former was surprising, since it had been ranked very low by the City departments and second to bottom in terms of the General Plan objectives.<sup>112</sup> In their presentation to Council, the Commissioners justified their recommendations as a necessary compromise. They felt that by incorporating elements of Strategy F(i), the price of housing would be positively affected through increased competition in several parts of the city. Strategy D assured added efficiency by placing the peripheral population nodes in the growth corridors. Yet the provision for the higher central densities advocated in Strategy D was significantly reduced on the grounds that its adoption would engender too much community opposition. Significantly, this made it similar to Strategy B and more in line with developer preference. In other words, the more compact urban form that had been so firmly advocated in the favoured two strategies had been sacrificed for a continuation of the status quo through widespread outward development. In fact the five population nodes in both Strategies D and F(i) were increased to seven. The developers had got what they wanted.

The Balanced Growth Strategy was an astounding turnaround given the work that went into preparing the various strategies and what seemed to be a consensual choice between two options. The argument that no single strategy was acceptable begged the intent of the entire exercise.

The reasons for rejecting increased densities were weak, especially in light of their validity and overwhelming endorsement. Certainly, it was the responsibility of City Council, not the Administration, to determine whether or not the political will existed to implement either Strategy A or D. It was in many ways a historic policy decision, and was likely the City's last opportunity to curtail a 25 year trend. It was also a marked victory for the land developers.

In adopting the Balanced Growth Strategy, City Council charged the Commissioners "to bring forward an annexation proposal that would permit the Balanced Growth Strategy as approved to be implemented...." Clearly it was not a difficult task given the fact that the official mind was already made up.<sup>113</sup> In June 1977 the Balanced Annexation Policy was ready for presentation to Council. The influence of the developers was clearly evident. The potential annexations reflected much of Strategy F(i) but without the population projections. Even the accompanying annexation map labelled the areas to be annexed by the name of the developer operating there. In justifying their recommendations for the annexation of 36.7 square miles to the north, northwest, east, south and southeast, the Commissioners stressed the fact that they were providing for effective development control, and for varied if unspecified land use for the next 20 years. In echoing the developers' argument presented to them so persuasively a few months earlier, the Commissioners also noted that the new policy would "provide large areas of land with a potential for residential development and therefore should assist in keeping down the price of housing."<sup>114</sup>

It was still not enough for some developers. In early June Nu-West and Carma registered their strong disapproval that all their lands in the northwest and north had not been included in the Commissioners' recommendations. Smaller operators like Sterling Homes and Hill Developers Ltd. argued that they "catered to the complete spectrum of the housing market," and therefore inclusion of their lands would "increase that level of competition that the City is so anxious to ensure."<sup>115</sup> Thus when the Balanced Annexation Plan was presented on June 27, City Council included five more areas totalling ten square miles to the proposed annexation boundaries. Commissioner Denis Cole justified the sudden alteration to a supposed definite proposal in a puzzling allusion to "control purposes," and to the fact that they (the additions) were within the original 1974 annexation plan.<sup>116</sup> In effect, City Council had amended the Balanced Annexation Policy to include all the land it had previously supported as private applications. Three months later, upon petition from a

number of landowners, another section in the south was added, bringing the total annexation proposal to 48 square miles. In the original annexation proposal, Commissioners had described this latter section as not offering “any potential for urban development for at least 20 years.”<sup>117</sup> It appears that it was not only the developers who had got what they wanted. Speculative interests also stood to profit.

Over the ensuing six months the developers pushed for the City to expedite annexation. They countered protests by community associations and the Municipal District of Rocky View, as well as misgivings by the Calgary Regional Planning Commission by emphasizing the dire shortage of developable lots within the city, and hinting at the implications of what a very limited supply of developable land might mean for housing prices.<sup>118</sup>

Chief Commissioner Denis Cole presented the City’s case for annexation to the Local Authorities Board at a hearing on January 12, 1978. In a well-prepared, articulate brief, Cole justified the need for comprehensive annexation in familiar arguments about the efficacy of long-term control. However, it is also easy to discern why Genstar executive M.H. Rogers described it three days later as “the best presentation I have ever witnessed before the LAB.”<sup>119</sup> Probably Rogers himself could not have stated the developers’ case better. Cole sanctioned the input of developers by referring to two “of national standing” (Genstar via Abbey Glen, and Daon) who “were in consultation with the City regarding the extension of utilities and services and the position of the City regarding incorporation so as to permit immediate development.”<sup>120</sup> He equated the high price of housing to “the uncertainty of the major developers as to where, in the long term, they could replace their land inventory as it was consumed by development.”<sup>121</sup> Cole also echoed the U.D.I. argument that since the market determined housing type and location, “sufficient lands must be incorporated to permit rates of development to vary in different directions at different times and in different circumstances....”<sup>122</sup> Cole’s overall sentiments were echoed more succinctly by the lawyer for the City who noted that an annexation refusal “would virtually eliminate certain reputable and active development companies who have traditionally supplied a large share of Calgary’s market in houses.”<sup>123</sup>

In addition to Cole, the Local Authorities Board heard three other briefs from the City’s Director of Transportation, the Chief Engineer, and the Manager of Long Range Planning and Research. In addition, six developers gave presentations supporting the City’s bid.<sup>124</sup> Interestingly, two former City officials represented the developers. Former Mayor Rod Sykes

spoke in favour of Daon and former City Solicitor Brian Scott represented Carma.<sup>125</sup> Opposition to the City's bid was provided by Rhys Smith, Director of the Calgary Regional Planning Commission, who felt that the original proposal of 36 square miles was sufficient, and that annexation would not resolve the problem of high housing prices. The Municipal District of Rocky View indicated that the annexations if approved would mean reduced tax revenues and a loss of 2.4 percent of its total area, much of which was prime agricultural land. The arguments, however, were not enough to convince the Local Authorities Board. On February 20, 1978 it approved the annexations on the grounds that "the City of Calgary has satisfied the Board that additional land is required for the future residential and industrial areas of the city."<sup>126</sup> Final approval now rested with the Provincial Cabinet.

Unfortunately for the City, the Provincial Cabinet did not see the L.A.B. ruling in the same light. Its foreboding delay in reaching a decision sent ripples of alarm through the developers, who were suggesting by early May that further prevarication threatened not only their livelihood but the industry itself.<sup>127</sup> A few days later on May 11, Municipal Affairs Minister Dick Johnston dropped his bombshell.<sup>128</sup> The annexed area was reduced from 48 to 25 square miles.<sup>129</sup> Johnston justified Cabinet's decision by arguing that the annexation would meet the City's needs for 17 years, and that prime agricultural land had to be protected from the impact of urban growth. He also chided the City by stressing the "existing stock of thousands of developable acres within the city limits," as well as the need for a policy to increase overall residential densities. Johnston's allusions to future annexations sent an oblique message of official disapproval of the City's annexation policies to date. In specifying the government's official preference for future expansion to the north and northwest, Johnston added that "the Province anticipated consultation with the City of Calgary and perhaps the Local Authorities Board aimed at the desirability of providing additional lands for future growth in this direction." The City's knuckles were being rapped.

Reaction to the Cabinet's decision was mixed. The Calgary Regional Planning Commission pronounced its satisfaction. At least one alderman was pleased. Alderman Greg Husband noted that "the province was sending the city a message that the developers and not it are in control of development in the city."<sup>130</sup> Phil Elder, leader of Calgary Urban Party, felt the Cabinet had not gone far enough. He called for revocation of the entire annexation proposal, arguing that the City already had enough land within its limits to last a generation. In reference to a developer

victory, however diminished, Elder evinced his frustration: “No matter what you do with these guys you can’t win.”<sup>131</sup> The developers did not see it that way. Nu-West was very upset over losing some of its lands in the proposed Scenic Acres subdivision, as was Daon, which was the biggest loser in the south and southeast. The City agreed with the developers. In expressing his extreme disappointment, Long Range Planning Manager Ted Brown maintained that the allowed annexation has “serious implications on the number of developers who are going to be active in the market.” According to Brown, those developers who were not granted new land stock would have their “inventories severely reduced” and competition would be cut.<sup>132</sup>

The Cabinet’s decision was not unexpected. It was well understood in civic circles that the forthcoming Planning Act indicated even stronger provincial control over urban growth. Furthermore, the power of amendment had been added to Cabinet’s discretion respecting Local Authorities Board decisions. Rather than either upholding or rejecting, Cabinet could now refashion annexation proposals to suit its policies.<sup>133</sup> In the end it was the staying actions of the Province, not the City, that thwarted the developers, if only to a degree and temporarily.

## Discussion

Clearly, the impetus behind the various annexation measures taken between 1972 and 1978 resided far more with the developers than with the City. By pleading reduced inventories, by equating house prices with lot availability, and by dangling the lure of lower-cost housing, they were successful in convincing the City that annexation was the only viable solution. And when the City did move towards this desired end, the developers worked to ensure that the desired end was also their end. Perceived in this light the City emerges as either a victim or a dupe of developer aggressiveness. Yet despite its contradictory and sometimes inexplicable behaviour, it could be argued that City officials followed a predictable pattern, one that suited the pragmatics of the times.

The requirement to modify general plans every five years meant that civic administrations had to plan for the future even as they tried to grapple with the implications of the current Plan. In the meantime the several studies on density, urban renewal and low cost housing, sector plans, and design briefs tended to fracture decision making. Arguably, the City’s attitudes and actions towards annexation were a manifestation

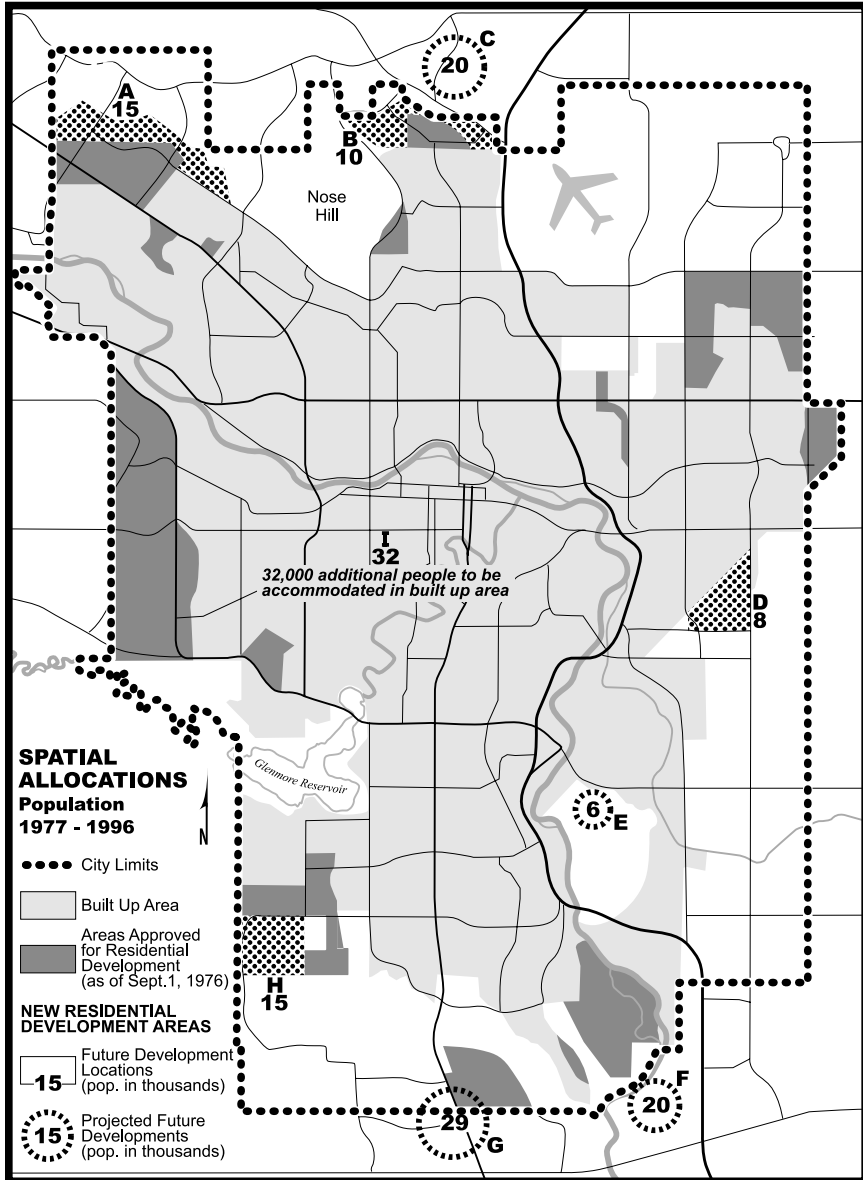
of the inordinate pressures associated with the preparation of general plans that were supposed to guide future development.

An examination of the tenor of the Commissioners' reports during these years showed the ongoing fixation with the uni-city concept. This was evidenced by its inclusion in virtually every report on annexation. On January 15, 1976, Chief Commissioner Denis Cole, in recognizing anti-annexation sentiment within the city, offered the following frank opinion to Daon Vice President R.A. Nunn:

In the long run I do not believe that either the province or the citizens will significantly shape the pattern of development. Economics will determine its shape and form. The key issue is whether the suburbs will be in the same jurisdiction as the central city. If the unique position of Calgary is destroyed by the citizens or the province, then a great opportunity will be lost.<sup>134</sup>

The City's presentation to the Local Authorities Board on January 12, 1978 mirrored these sentiments.<sup>135</sup> The brief opened with a tribute to the significance of the McNally Commission, which, Cole argued, had "guided the development of Calgary to the present day." In a lengthy argument Cole integrated recommendations made by the McNally Commission to maintain that "without doubt the most important concept and objective of the City Council, which has been consistently supported over the years is the principle of one local government to manage the metropolitan community of Calgary." He buttressed this contention by reference to a 1968 study for the City of Edmonton by noted academic E.J. Hanson. Cole concluded that Hanson's recommendations mirrored what Calgary already possessed under a unitary government. While there can be no doubt that Cole's presentation that day echoed the sentiments of the developers, it was also consistent with a long-held belief about the intrinsic merits of a unitary government over a large area.

Seen in the above light, it becomes clear why the abortive Comprehensive Annexation Policy of 1974, while poorly explained to the voters and soundly rejected at the polls, did not lose its appeal to City administrators. Instead it emerged in official thinking as the "preferred annexation zone," and as a convenient decision-making guide. One has only to note the large private annexation applications approved by the City in 1976. The fact that they were justified on the grounds that they were consistent with a "rejected" policy indicated an ideal that was far from rejected in the eyes of the City Commissioners. Had the Cabinet approved the



Source: City of Calgary Archives, Cartographer: Robin Poitras

annexation package in May 1978 it would simply have moved the city's boundaries one step closer to this ideal.

It is also possible that the City might have wanted to test the provincial government's resolve respecting its recent designation of a Restricted Development Area (R.D.A.) around the City.<sup>136</sup> In August 1976, ostensibly to provide a utilities and transportation corridor, the Province ended a lengthy and acrimonious public debate, and established a five-mile belt around the city.<sup>137</sup> Development was restricted in the R.D.A., which included a half-mile-wide strip called the Transportation and Utilities Corridor that would actually contain the roads and utilities. Although the Province maintained that the R.D.A. was not designed to curtail expansion, City officials disagreed. To Mayor Rod Sykes it represented "the imposition of the dictatorial powers of direct rule over a large area."<sup>138</sup> Given the presence of the R.D.A., the scope of the proposed annexations posed a direct challenge. In the annexation proposal that went to the Local Authorities Board in January 1978, four areas totalling almost 10,000 acres in the north, northwest, and southeast penetrated the R.D.A.<sup>139</sup> The rest of the proposed annexations simply moved the City boundaries right up to the R.D.A. Seen in this light, the Cabinet decision gave the City its answer. The R.D.A. was not to be violated, and no annexation was allowed beyond the Restricted Development Area.

Possibly the promise of cheaper housing figured in official thinking. There can be little doubt that skyrocketing house prices from the mid-1970s had introduced a sense of real urgency in City administrators for the first time. The City may have sincerely believed that the annexations offered opportunities for lower-cost housing. If the annexations were approved, Commissioner George Cornish wanted the Cabinet to insert a provision that allowed the City to buy between 25 and 30 percent of the land at cost plus carrying charges. According to Cornish, "it would not be the intention of the city to service such lands but rather release them to new developers, to small developers and to developers in other parts of the city."<sup>140</sup> Then, in expressing his disappointment following the Cabinet decision of May 11, Cornish lamented the lost opportunity for developers to follow through on their plans to participate in provincial housing programs aimed at low income residents.<sup>141</sup> City officials were also seriously considering measures to acquire some of the annexed lands from the developers for a municipal land banking scheme. In June 1976, Alderman Pat Donnelly asked the Minister of Municipal Affairs whether it was possible for the City to expropriate some of the lands to be annexed in the interests of land banking.<sup>142</sup> Two weeks later Council passed a

motion that directed Administration to explore the possibility of securing land from Daon and Abbey Glen.<sup>143</sup> The matter was later raised in the Legislative Assembly with respect to a significant land banking program on the city's periphery.<sup>144</sup> One wonders at what might have happened had the annexations gone ahead as planned. As it was, Cabinet's drastic reductions had the effect of releasing at least three developers from their stated commitments respecting low cost housing. Whether or not Carma, Abbey Glen, and Daon would have delivered on their promises will never be known. In that sense, at least, the decision of the Cabinet was frustratingly conjectural.

Finally, it is likely that the City believed that the addition of annexation would ensure greater competition and result in reduced housing costs. Commissioner George Cornish made that point clear in a letter to Alderman Pat Donnelly in November 1975.

This further emphasizes Commissioner Cole's and my contention of the importance of maintaining an adequate supply of land in a number of areas of the city, and not under the control of a very few developers.... We cannot prevent the major companies from acquiring new lands as they are approved for development but by ensuring a continual supply we can eventually saturate the demand. There is a point where the major developers will hold enough land for their anticipated requirements and will not be ready to invest further. At this point the smaller developers will find it more profitable to develop themselves rather than sell out to the larger corporations.<sup>145</sup>

Though wistful, Cornish's comments provide an insight into how annexation was perceived not only in terms of planning control but also as an antidote to the rising cost of housing. Certainly smaller Calgary builders saw it that way. As the annexation issue picked up momentum in 1976, 20 builders calling themselves Calgary Community Builders threw their support behind the only pure developer. Realizing the advantages presented by Daon, as opposed to the other developers who only used their favoured contractors, the group employed billboards and newspaper and letter-writing campaigns to further the corporation's annexation bid in the southeast.<sup>146</sup>

A battle may have been lost but the war was not. Dick Johnston's 17 year land supply projection was forgotten in a spate of annexations in the 1980s. By 1982, five more areas had been added. Certainly the Province's influence could be seen in that three of the five areas and the bulk of the land involved were in the northwest. However, it was soon

back to “business as usual.” Between 1983 and 1985, five more annexations occurred in all four quadrants of the city. Then in 1989 the city limits were further extended to incorporate several very large tracts in the north, northeast, northwest, southeast and southwest. By the 1990s, slowly and inexorably, the City of Calgary’s boundaries were moving closer to the configuration peremptorily advocated and rejected in 1974 but which apparently had endured as a guiding principle.

