

OPINION

City's growth forcing change in planning

Time will tell how industry reacts

JIM DEWALD AND BEV SANDALACK
FOR THE CALGARY HERALD

The times they are a' changing. What Bob Dylan wrote in 1964 applies in 2008 to Calgary's development industry. Here's why change is inevitable.

For years, indeed decades, the City of Calgary planning department has called for a change to our development patterns, for both quality of life and cost reasons.

More recently, even the infrastructure gurus at City Hall are concerned that massive capital costs will bind the city to unsustainable long-term operating and maintenance burdens.

For every billion dollars spent on major roads and freeway extensions, hundreds of millions will need to be collected from taxpayers annually to keep the infrastructure safe and operational.

This connection is not new, but because trips across town now cover more distance, Calgaryans are travelling longer distances per household — and the bottom line is that the cost of maintaining the road infrastructure for a sprawling metropolis is simply no longer feasible.

The incremental shift in density that we have been seeing from five units per acre (0.4 hectares), then to seven, and now sometimes in the range of 10, is, in isolation, not enough. City growth is occurring too rapidly and the costs are getting out of hand, so these very small adjustments in density don't have much effect.

Not just the bureaucrats and academics are waving the red flag — now Mayor Dave Bronconnier is leading the charge. With that kind of clout, rest assured, the times they are a' changing.

Industry-wide change caused by external intervention is nothing new. It happens daily in different industries throughout the world.

Most recently, the Alberta energy industry faced significant change through implementation of a new royalty framework.

There is a significant body of re-

search based on external change within industries, leading to a few predictive responses.

First, it doesn't seem to make much difference whether the change will ultimately benefit or harm the industry — researchers have found that what usually happens is that the organizations who lobby industry trade groups feel threatened by any change, so they aggressively protest and fight these change.

With respect to growth of the city, the extent and form of change is still unknown, but you can get a better idea of what is being considered by checking out the Plan It initiative on the City of Calgary's website (www.calgary.ca).

How will the industry and its members respond to the changes that will be pending following this plan?

The predictable initial response, based on a perceived threat to business as usual, has already begun with written responses by the Urban Development Institute and Canadian Home Builders' Association — Calgary Region (formerly, Calgary Region Home Builders Association).

Both groups were responding to the city's proposed Land Use and Policy Planning work program for 2008.

Next, there are two fundamental groups of industry players — those who own land within the affected areas (such as within the city boundaries) and those who do not.

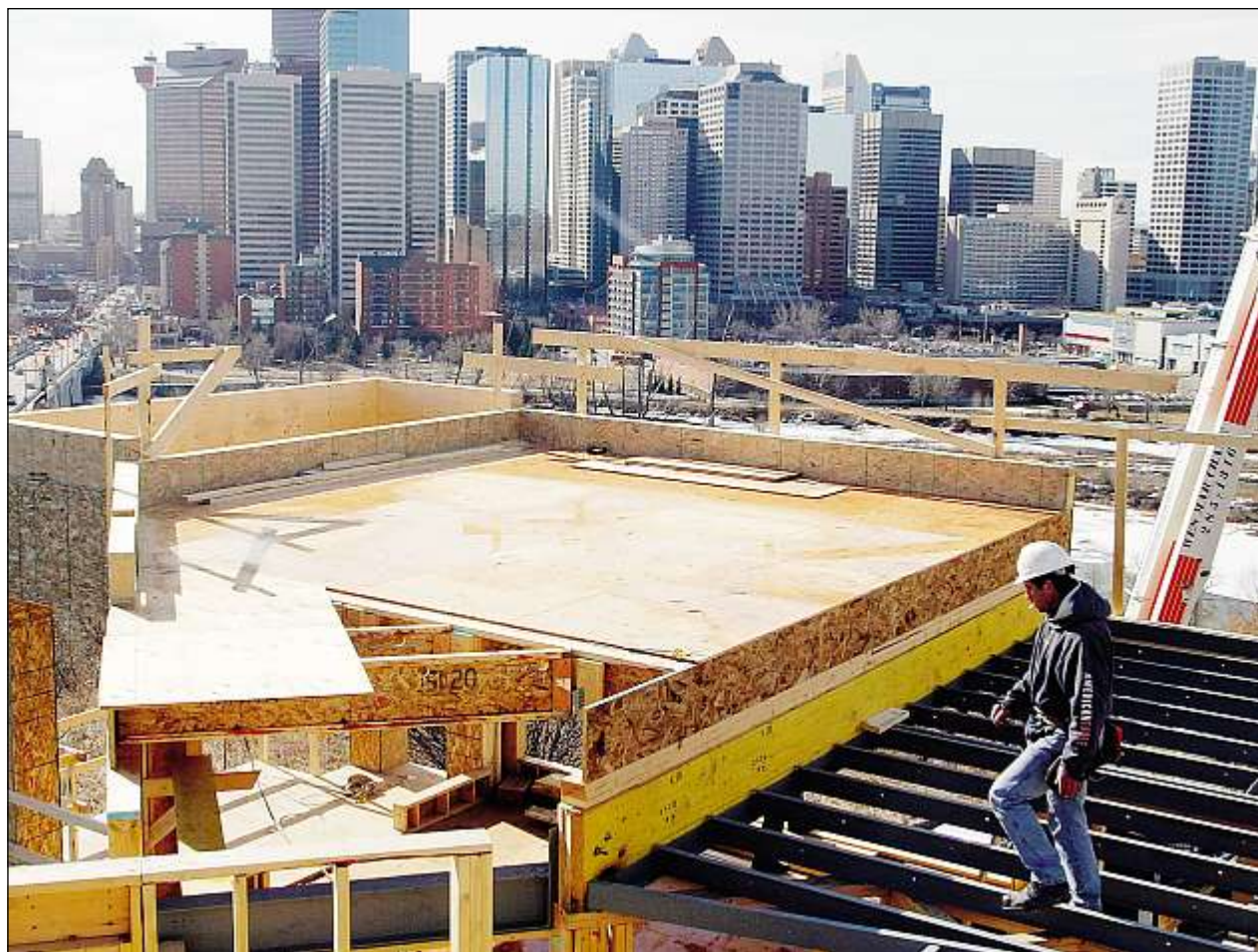
Many developers have recently shifted away from owning land within city boundaries due to rising costs, the inevitable annexations that make the outlying areas viable, or in anticipation of shifting market emphasis on nearby smaller communities such as Cochrane.

Drilling down to the next level of analysis, impacts and responses are usually quite divergent, including:

■ "Defenders" who resist change at all cost.

■ "Prospectors" who seek the advantage by adapting early to the new framework.

■ "Analyzers" who avoid the "first



Calgary Herald Archive

Calgary's growth is occurring too rapidly — and the costs are starting to get out of hand.

mover" risks but nevertheless position their organization to adapt when/if change takes hold.

■ "Reactors" who have no coherent strategy or program for addressing change.

Professors Ray Miles of the University of California and Charles Snow of Pennsylvania State University identified this organizational typology 30 years ago. But more recently, research at the University of Calgary has extended their work to consider specific responses to external interventions on industries, such as that proposed through Plan It Calgary.

Prospectors are of particular interest. They are able to align their organizational strengths with new opportunities and gain competitive advantage in the face of regulatory change.

For instance, city planners are generally not opposed to development, as some may think.

But they are looking for more affordable and sustainable patterns of growth that also keeps development within the city limits in order to keep the full economic benefits of growth

within Calgary.

The intention is that each hectare of city land will be developed to a more intense standard — higher floor/area ratios, greater mix of land uses, improved transit service, reduced infrastructure and operating costs, and a wider diversity of market needs targeted within each new development project.

Prospectors see the advantages of this situation and look at it as a way to derive more profit from their land.

Defenders, on the other hand, will likely be concerned that homebuyers, retailers and office managers will opt for alternatives, both within the city limits (re-development) and in surrounding areas (such as Airdrie, Cochrane and Okotoks), and will therefore object to change and argue for the status quo.

Analyzers will take more time to study the situation, but will also prepare to take advantage of change and adopt new patterns of growth.

In addition, analyzers assess a situation fully and they might see that if change does not occur, the increased cost of development will likely be downloaded to industry members.

Reactors keep their heads firmly planted in the sand and hope for the best.

From our vantage point, we sincerely hope that Calgary's industry has an abundance of prospectors and analyzers, but time will only tell how everyone reacts to the inevitable changes.

ALSO SEE

■ Expansion creates identity crisis 113

JIM DEWALD, PH.D., IS ASSISTANT PROFESSOR, STRATEGY AND GLOBAL MANAGEMENT AT THE HASKAYNE SCHOOL OF BUSINESS AT THE UNIVERSITY OF CALGARY, AND A PARTNER WITH PETERS-DEWALD LAND CO. BEV SANDALACK, PH.D., IS CO-ORDINATOR OF THE URBAN DESIGN PROGRAM IN THE FACULTY OF ENVIRONMENTAL DESIGN AT THE UNIVERSITY OF CALGARY, MEMBER OF THE CALGARY URBAN DESIGN REVIEW PANEL, AND CO-AUTHOR OF THE CALGARY PROJECT, A BOOK ABOUT CALGARY'S URBAN DEVELOPMENT.

CALGARY HERALD RECREATION INVESTMENT PROPERTIES SHOW 2008

Don't miss your opportunity to find out everything you need to know about Recreation Properties...

DIRECTLY FROM THE EXPERTS!

JANUARY 11 - 13, 2008

Roundup Centre, Stampede Park

Part of Calgary's Premier Home Show Event:

HOMEXPO
Calgary's home and renovation show

BE SURE TO VISIT THESE EXHIBITORS AT THE SHOW:

- Cardel Resorts
- OCR Properties Group
- Ailanto Wellness Resort & Spa
- Shire Real Estate Investments
- Raymond Shores
- Bridgecreek Group of Companies
- Silver Sands RV Resort
- Trico Freedom
- Century 21 At The Beach
- Serena Marina & Golf Residences
- Sun River Estates
- Reflections
- Borrego Ridge by Schickedanz West
- La Paz Properties
- Los Porticos
- Predator Ridge Developments
- Medcan Developments
- Toscana of Desert Ridge
- Pine Ridge Mountain Resort
- Dockside Green
- Bighorn Meadows Resort
- Whittakers at Pender Harbour
- Dolemo Development Corp.
- La Bella Vita
- Cadence Lodge
- Old House Village Suites & Cable Bay
- Sheerwater
- Fairwinds Community & Resort
- The Benchlands, Naramata
- Indian Springs Ranch
- Paintbrush Ridge & Blackstone Mtn Lodge
- Trazzure Exotic Properties, Costa Rica
- The Condo Pros, Scottsdale, AZ
- Canyon Peaks
- Investing in Arizona
- Wildstone
- Keystone Real Estate Investment Corp
- Oceano Village - Caribbean Living
- Stonegate Spa Resort
- BNS Executive Developments Ltd
- Streams at Eaglewind
- The Wilderness Club
- Marina Cay Resort
- Resort at Castle Rock
- Arrow Lakeside Resort & Marina
- Compass Prop. - Costa Rica R.E. Experts
- Three Buoys Resort & Marina
- The Legacy on Mara Lake - Sable Ridge
- Resort Quarter Ownership
- Trumpeter's Landing
- Wyndansea - Oceanfront Golf Resort