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REDEVELOPMENT IN CENTRAL CALGARY:
A STUDY OF CHANGE

By
John F. Melland

B.A., Western Washington State College, 1962

Presented in partial fulfillment of the requirements
for the degree of

Master of Arts

UNIVERSITY OF MONTANA

1969

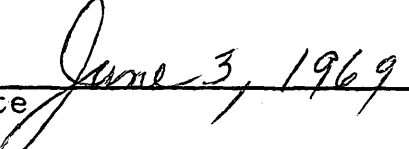
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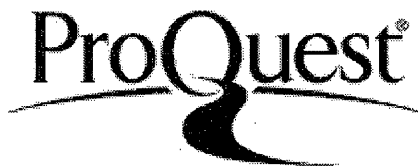


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John Francis Melland

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CHAPTER I
INTRODUCTION

Purpose and Objectives

Many Canadian cities, like their counterparts in the United States, are embarking on ambitious programs to renew themselves, particularly in large areas of the central city. The need for reconstruction and more specifically the need for a more viable downtown has generally been considered immediate and pressing. The current programs, however, are presently being wrought with problems, particularly with regard to the displacement and relocation of residents and non-residential establishments from clearance sites. Thus, urban renewal offers an interesting area for research in geography, which is becoming increasingly involved in the study of urban problems.

While the interest in most urban renewal studies has been concentrated on residential redevelopment and relocation, the focus of this research is on the non-residential aspects. Primarily, this study is on the effects of urban renewal on 251 business and other non-residential establishments located in a part of downtown Calgary which is planned for complete clearance and subsequent redevelopment.

Although there are several aspects of this study which

are of interest to the urban geographer, the emphasis of the research is on the potential failure or success or partial success of the establishments in the study area to withstand the disruptive effects of change and of how these establishments adapt to the changes proposed for the area of which they are a part. The study is also concerned with how these changes will affect the spatial distribution of the establishments in the area.

One particular thought that recurs throughout this research is that we can induce meaningful change only if we understand the situation in which we intend it to occur. This viewpoint determines to a great extent the sequence in which the material is presented. This study begins with an examination of the nature and complexity of the urban renewal programs in both Canada and the United States. Particular emphasis is placed in this section on the nature of the dislocation-relocation problem. In the second chapter the presentation is based largely on the literature concerning the changes that are occurring in central cities. The findings of the personal interviews are presented in the third chapter. Here the specific research findings are related to the many generalizations discussed in the previous sections.

The last two chapters have many implications for future planning. These include certain predictions based on an interpretation of the research findings and also on the

generalizations from several follow-up studies of the actual effects of redevelopment and relocation on non-residential establishments that have had to relocate from clearance sites.

The Progress of Urban Renewal in Calgary

In Canada, as in the United States, the extension of urban renewal programs into non-residential areas has been recent, with enabling legislation passed as late as 1964. In other words, public renewal can now occur in purely non-residential areas regardless of whether new housing will be created as a part of the redevelopment program.

Under present legislation, both senior governments (Federal and Provincial) participate with the city or local municipality in the local urban renewal process. Briefly, this includes:

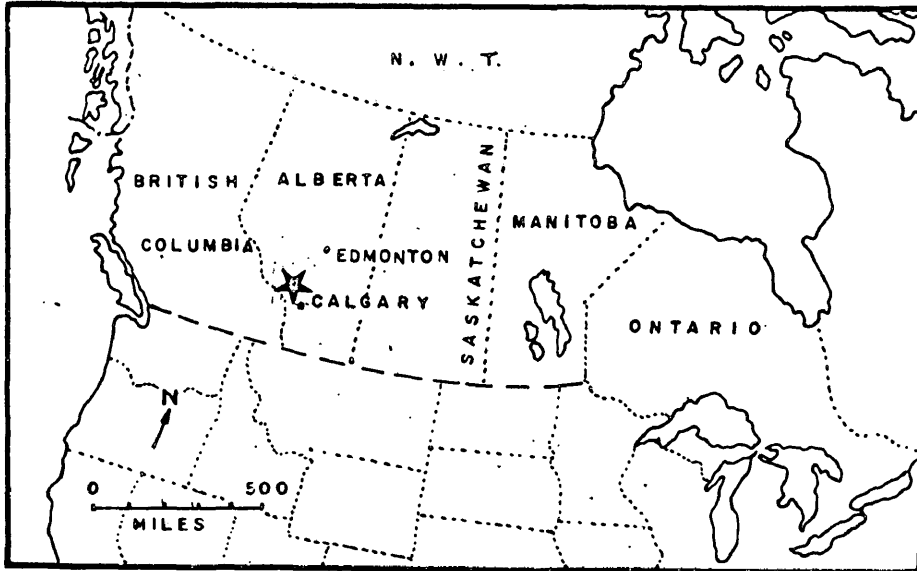
1. a general or non-specific urban renewal study of the area.
2. the preparation of a specific proposal or scheme for the renewal of the area.
3. the implementation of the scheme.

In the last, or implementation phase of the scheme, the Federal, Provincial, and local governments share 50, 30 and 20 per cent, respectively, of the total cost, including such items as land acquisition, clearance, and relocation payments. Any revenue derived from the sale of the land after clearance is divided among the partners (the Corporation) in the same proportions.

The present urban renewal project is not the first urban renewal effort in Calgary, nor is it the first proposal for large-scale commercial redevelopment. (The general geographical location of Calgary is illustrated by reference to Figure 1-1). In the early 1960's, an urban renewal study of a large, predominantly residential area in Downtown Calgary was begun. This study was later abandoned as a result of a large redevelopment proposal by the Canadian Pacific Railway (CPR). The CPR proposal included relocation of the transcontinental rail line to the periphery of the downtown, with subsequent commercial redevelopment of the abandoned right-of-way which is adjacent to the Central Business District. In this proposal the City of Calgary would have been responsible for the acquisition of the proposed right-of-way. The existing right-of-way (tax free) was estimated to have a potential assessment in excess of \$82,000,000 which was to revert to the general tax roll as taxable property when the new diversion was completed. The collapse of negotiations between the principals ended speculation before any plan had been approved.

The effects of past failures or efforts are not easily documented, but undoubtedly they have produced their share of sceptics and cynics in regard to any similar future program. According to certain students, an initial success is very important since it determines, in part, the future of

FIG. 1-1 GENERAL LOCATION MAP



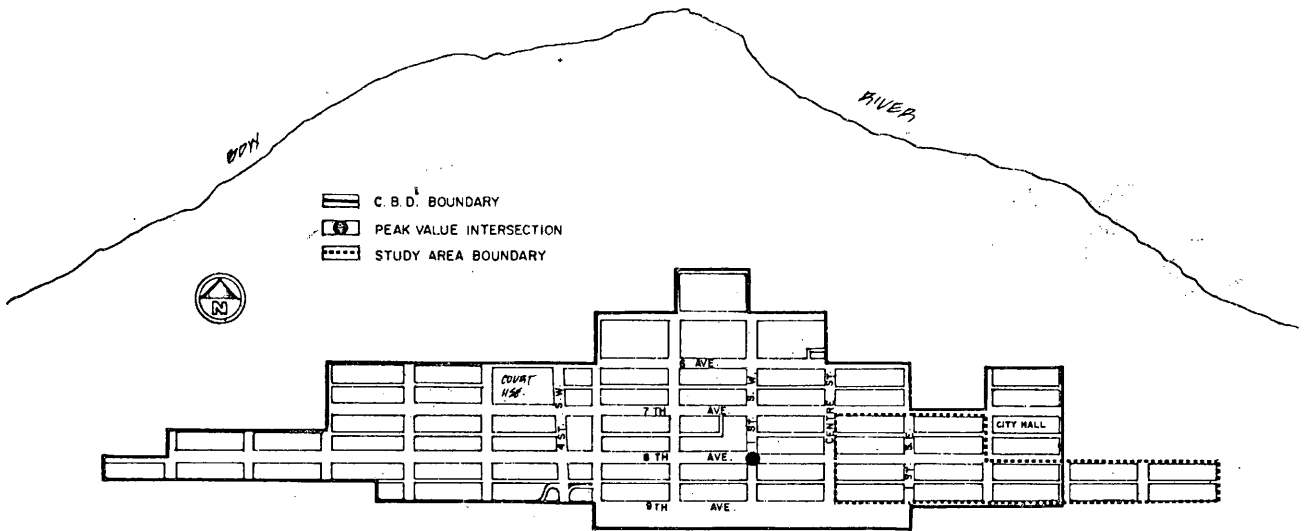
the urban renewal program.¹

The seven block study area considered here (Figure 1-2) is presently part of a much larger urban redevelopment project. This project, described as Churchill Park, has been subsequently divided into smaller areas for the purpose of more intensive study, scheme preparation, and implementation. The present research area is the second portion of Churchill Park to be considered for implementation (Scheme 1B) and is adjacent to the original eight block area which is not in the implementation stage (Scheme 1A).

Although the areas of the two schemes are contiguous, they differ to a considerable extent. The future uses of the first, or Scheme 1A, are either public or quasi-public, while in Scheme 1B the planned uses are mostly non-public and will supposedly be privately financed, developed, and operated. The existing land use in Scheme 1A is not as intensive as in the present study area, and in effect there are only 48 non-residential establishments compared with 251 in 1B. In Scheme 1A there are a considerable number of single and multiple-family dwellings. In Scheme 1B there is an estimated residential population of 505 as compared with 482 in Scheme 1A; however, the dominant land use is

¹For an interesting discussion of urban renewal strategy related to administrative imperatives see: Jewel Bellush and Murray Husknecht, "Entrepreneurs and Urban Renewal," Journal of the American Institute of Planners, XXXII (September, 1966), 289-97.

FIGURE I-2 CALGARY'S CENTRAL BUSINESS DISTRICT



¹ THOMAS F. SAARINEN, "The Changing Office Functions in Calgary's Central Business District 1946-1962." (unpublished Master's thesis, Department of Geography, University of Chicago, 1963), p.19.

non-residential and the dwelling units in 1B are typically accessory to and/or above other street level uses. A major difference in the two scheme areas is the presence of a Skid Row population in the present study area.

Calgary's Skid Row, like its counterpart in most other North American cities, is relatively small but well defined. Skid Rows are characterized by certain human problems that are peculiar to this district, as well as by certain institutions and businesses which administer to the needs, both physical and spiritual, of the Skid Row man. The study of the Skid Row sub-culture is not of primary concern in this research. On several occasions in this study, however, it does become necessary to distinguish between Skid Row "institutions" and those establishments in the study which are not typical of this area.

Methodology

Within the seven block urban renewal area, a complete inventory was taken of all the establishments within each building. The major source of information was a "100 per cent sample" survey of the establishments in the area, which was gathered from October to December 1966.¹

¹Out of 251 non-residential establishments in the seven block study area, fourteen were not personally contacted. Certain information, however, was available for these establishments such as tenure, rentals, type of business, etc.

Information on floor area and building age was available from the City of Calgary Assessment Department. To reconstruct the past land use pattern, the city directory and civic census data were utilized, as well as a limited amount of other map and study materials. When historical sources were inadequate, spot field checks were made with long-established businessmen in the area.

In addition to the personal interviews with each businessman, there were two other incidental surveys. One of these included a survey of approximately 70 establishments that had been in the area since 1955 but are now located elsewhere. The purpose of this study was to obtain some information on the relocation process. Included in the questionnaire were items concerned with change in income, distance moved, method of locating the new site, and the like.

The other survey was carried out by mailing about a dozen letters to Canadian cities that were undertaking or had undertaken commercial clearance. This questionnaire, sent out under the Mayor's signature, requested information

Frequently this type of information can be obtained by contacting the landlord if the establishment is renting or leasing. A list of the establishments not contacted by industry type, is included in Chapter Four. It should also be noted that there had been a survey of all non-residential establishments in the area east of First Street S.E. in 1964, immediately following announcement of the urban renewal proposal. Thus, for five of the seven blocks, certain information was already available.

from each city regarding the kinds of problems they had experienced both in terms of the businessman and the redevelopment official. This survey included a question on what new legislation or what changes in existing legislation were required concerning relocation. This particular question was stressed as the most important one in the survey.

Scope of the Problem

There are many pressing problems as a result of urban renewal and it is the purpose of this section to discuss the general nature and complexity of these programs. Since relocation is not yet underway in the study area, the basis for predicting what changes will take place in Calgary will depend to a large extent on some of the contemporary studies discussed in this section.

The reader will note that this discussion also includes an examination of other types of urban renewal besides redevelopment which may not appear at first to be particularly relevant. The examination of the orientation of current urban renewal planning as opposed to urban realities is included here, even though it is probably futile to question how realistic this orientation is and at what costs and to whose benefit these improved circumstances will accrue.

A great deal of urban renewal activity has been carried out in central cities. Thus, the occurrence of downtown revitalization appears to be a widely accepted planning goal.

According to some critics, however, these efforts to maintain a compact urban form have been considered rather futile.¹ The occurrence of downtown revitalization as a widely accepted planning goal has been commented upon by Boyce.

Increasing the viability of the central business district, particularly retail sales, has become a widely accepted goal of the practicing planner. He usually concentrates on designing shopping malls for downtown, making more visually attractive central city land use plans, and in publishing dire predictions for the entire metropolis unless the central business district is restored to its "rightful" place.²

This need for a revitalized downtown is, according to the statement by the City of Calgary Planning Department, based on the advantages of "compactness".

There are long-standing and well-tried advantages in the principle of compactness. Travel distances are kept to a minimum; the concentration of people makes it possible to provide a diversity of services, interests and contacts; there is a wider choice of employment, shops, recreational and cultural pursuits and even of housing. The issue is not simply and blindly between high-rise apartments and low-density suburbs. A city needs both, and Downtown will provide both to a limited degree for those who wish to enjoy the many other advantages of living Downtown....

¹See: Denis Durden and Duane Marble, "The Role of Theory in CBD Planning," Journal of the American Institute of Planners, (February, 1961), pp. 10-16; Raymond Vernon, The Myth and Reality of Our Urban Problems (Cambridge, Mass.: Joint Center for Urban Studies, 1962); and Scott Greer, The Emerging City: Myth and Reality (Glencoe, Illinois: The Free Press, 1962). For a critique on Calgary's Downtown see: Michael R. C. Coulson, "Whither the Urban Core?" Department of Geography, University of Calgary, May 1966 (Mimeographed.)

²Ronald R. Boyce, "Myth Versus Reality in Urban Planning," Land Economics, XXXIX (August, 1963), 246.

For the reasons stated above and elsewhere throughout this Plan the stimulated Downtown concept has been chosen; it will accommodate the greatest concentration of shops, offices, specialist services, entertainment and cultural activities and be supported by the total city population.¹

Maintaining the need for a compact core and seemingly neglecting the advantages of suburbanized living, especially when the majority of the population appears to favor the latter, has been of great interest to the critics.

Boyce, for example, has again noted:

...in order to substantiate such a stand, the planner generally asserts that people dislike the suburbs in which they live, the spaciousness of their new surroundings, and the automobiles they drive. Instead, it is contended that they would much prefer to live closer to the CBD, live in denser surroundings, and use mass transportation whenever and wherever possible. Such "facts" are difficult to substantiate and appear inconsistent with the realities of the situation. There seems to be a strong Bohemian bias underlying the goals of many planners.²

To achieve the goal of a more viable or revitalized downtown it is generally argued by the practicing planner that "public" renewal must be introduced as the means of encouraging redevelopment or rehabilitation that would not otherwise take place. According to the advocates of urban renewal this is perhaps the best argument for extensive

¹City of Calgary, The Future of Downtown Calgary (Calgary: The City of Calgary Planning Department, 1966), p. 25.

²Boyce, op. cit., p. 242.

public action.

...extensive urban renewal...made a large number of other solutions possible. Those community leaders who preferred voluntary rehabilitation would find that renewal made this an easier program to pursue. Even private redevelopment became easier when urban renewal appeared to be a real possibility: Chancellor Kimpton's appeal for funds for investment in the area on the basis that general federal renewal of the community would ultimately insure the wisdom of private capital investments was one thing; an appeal to the same sources when land values were declining and promised to decline further would be quite another matter.¹

While this type of "public" renewal is undoubtedly a very useful type of administrative tool for the elimination of blighted conditions, it has not always had the most desirable consequences. In terms of residential rehabilitation, Glazer has pointed out:

Since 1954 one of the major objectives of urban renewal has been the rehabilitation of old houses - a process that makes relocation unnecessary. Unfortunately rehabilitation, even with Federal loan programs to promote it, has rarely been successful. Renovating a house to meet the standards imposed by the program requires much more money than the occupants can raise; the property is then sold to a new owner. The general result is that poor people are moved out of houses that upper-income people can afford to renovate.²

Other studies also support this conclusion.

...it is inescapable that much of the past thinking and many of the assumptions current within the field of urban renewal cannot be supported when one examines carefully the realities of the

¹Peter H. Rossi and Robert A. Dentler, The Politics of Urban Renewal (New York: Free Press of Glencoe, 1961), p. 61.

²Nathan Glazer, "The Renewal of Cities," Scientific American, LXIII (September, 1965), 200.

prospects of rehabilitation of older dwellings in the central city. If it is the intention of the public authorities to dispossess long-term residents as a consequence of the rehabilitation program, the present assumptions are certain to bring about this result....our thinking and our policies must be carefully reconsidered to bring them in line with the realities of the personal, social and physical characteristics within the neighborhoods which we seek to improve and conserve in the heart of the Metropolitan Area.¹

The elimination of undesirable residential conditions and social problems is probably one objective which can be included in the scope of planning defined by those who see its role as "making the community a better place to live." The record of urban renewal in this regard, however, is not impressive. In fact, many critics feel that the gains do not outweigh the losses. According to Anderson: "The federal urban renewal program attempted to run counter to the tide of the private market - the results have been dismal." Anderson maintains that the private market has been making greater progress toward solving the slum problem and points to a marked improvement in private housing, with a forecast of a 90 to 95 per cent standard housing stock by 1970, irrespective of the pace of urban renewal.²

Nathan Glazer has also arrived at a somewhat similar

¹Albert Rose, Prospects for Rehabilitation of Housing in Central Toronto (Toronto: University of Toronto, 1966), pp. 95-96.

²For a devastating critique of the current urban renewal program in the United States see: Martin Anderson, The Federal Bulldozer: A Critical Analysis of Urban Renewal: 1949 - 1962 (Cambridge: The M.I.T. Press, 1964).

conclusion.

On the other hand, the 90,000 units of housing built or under construction since the beginning of urban renewal in 1949 is not an impressive total compared with the 7.3 million housing units built between 1960 and 1964, nor does the relocation of some 750,000 people seem highly significant in view of the fact that 40 million people move every year in the U.S.¹

The direction in which this trend is moving has also been noted by Hoover and Vernon.

One of the surest predictions that can be made is that this long-run trend will persist, since the underlying causes are still moving in the same direction. Various areas will evolve into a slum condition of peak density, according to the sequence outlined earlier in this chapter, and may then undergo thinning-out or redevelopment or other relief; but the peaks will continue to be less extreme. We are most unlikely to see again in the Region, regardless of the relative smallness of slum-clearance and renewal programs, any crowding of slum areas like that of 1900 or 1920, or even 1950, and the crowded slums of 1970 will be roomier than those of the present.²

Another frequent justification for urban renewal is that it will increase the tax base. This claim, however, has been severely criticized. Anderson, for one, has made the following points in this regard: (1) the volume of construction is not increased; only the location of the activity is changed, since a major portion would have been constructed anyway; (2) the time lag between demolition and occupancy of new taxable improvements may incur losses that outweigh

¹Glazer, op. cit., p. 198.

²Edgar M. Hoover and Raymond Vernon, Anatomy of a Metropolis (Garden City: Doubleday, 1962), p. 216.

the ultimate gain; and (3) the "seed money" concept of renewal is a myth since the bulk of financing is public rather than private.

In this connection, it should be noted that in the Calgary Urban Renewal project none of the proposed uses in the original phase (Scheme 1A) will increase the tax base since they are exempt because they are public. Furthermore, this construction of public buildings would have taken place anyway. In the present scheme the ratio of taxable to exempt properties will be higher. The exempt properties, however, will still include a high proportion (almost 4 blocks) of the total 7 blocks, including at least the convention centre, the two blocks for government expansion, and the one block for Mount Royal College. Mount Royal College is an existing provincial institution which may get, in addition to the above, four more blocks in a subsequent phase of the Churchill Park Project.¹ The future of the properties presently owned by the Federal Government and the Provincial Government in Scheme 1B is uncertain; they could remain exempt or be sold to the Corporation.

In a recent feasibility study of Scheme 1B the potential benefits to the City were shown to be \$24,261,000, as opposed to costs of \$20,959,620;² thus, there is a quantifiable

¹Mount Royal College has subsequently turned down this offer of land and chosen to relocate in the suburbs.

²City of Calgary, City of Calgary Urban Renewal Scheme 1B: Implementation Plan (Calgary: City of Calgary Planning Department, 1967), pp. 110-11.

economic benefit of 3.2 million dollars. For the following reasons, however, the value of the study is somewhat dubious. To be feasible, benefits must accrue for approximately 66 years. The proposed development could be occupied within four years if all construction activities downtown were confined to the proposed area. Buildings presently under construction and those on the drawing boards, however, would indicate that construction will be in fact essentially in the west end of downtown and the total combined floor area will probably equal the growth allocated for the next several years or longer. While it is readily admitted that the purpose of the first phase (Scheme 1A) is to provide a catalyst for subsequent phases, the feasibility study does not include these costs, which are not small.¹ Estimated costs of acquisition, clearance, utilities, etc., are 6.6 million dollars together with an estimated cost of buildings (all public) at roughly 22 million dollars for a sub-total of 28.6 million dollars, excluding public housing.² The application of

¹These costs should not be included if those benefits which would have occurred anyway are not counted. Here, such a distinction was not made. Thus, they should be included.

²The costs of public housing are not usually included in an urban renewal cost-benefit analysis since it is assumed that good housing will have social benefits to the community equal, at least, to their tangible costs. For an interesting discussion of cost-benefit analysis of urban renewal programs see: James C. T. Mao, "Efficiency in Public Renewal Expenditures Through Benefit-Cost Analysis," Journal of the American Institute of Planners, XXXII (March, 1966), 95-107.

the traditional multiplier where there is increased income generated as a result of the construction activity (estimated at 63 million dollars in Alberta) is questionable, since, as we have already mentioned, urban renewal is essentially capturing construction activity that would have largely occurred in any event. Losses of property and business tax revenues from acquisition and demolition were also not included.

One of the major sources of problems for urban renewal programs, which is of primary concern in this research, has been relocation. Where relocation has failed, it has been typically "a tool of land clearance, subordinated to the primary objective of redevelopment."¹ Relocation has also failed because it has not recognized the complexities of the areas and the concomitant "social" and "psychic" consequences for their residents.

In assessing the problem it is apparent that the question of need is not in dispute, nor is the potential that these areas have for improvement.

Relocation is never easy. When dealing with over 20,000 persons who must move, whether they want to or not, many deeply attached to their neighborhood, some dissatisfaction, disappointment and heartbreak are inevitable. But WHA is confident that the overwhelming number of families who accepted...relocation assistance improved their housing considerably - some became home

¹Martin Millsbaugh, "Problems and Opportunities of Relocation," Law and Contemporary Problems, XXVI (Winter, 1961), 31.

owners for the first time, some literally started new lives with new opportunities to enter into the main stream of community life.¹

Martin Millspaugh has suggested further possibilities:

...the process of relocation can bring to light problems that might otherwise have been suffered in silence by families who are ignorant of the forms of assistance available to them. Indeed, a 100 per cent relocation effort could, ideally, identify almost all of the social and educational problems in a specific area and provide the opportunity for bringing expert attention to bear on them.²

The attitude that relocation is a responsibility, a sometimes unpleasant duty that must be discharged before we can get on with the more exciting business of rebuilding a city, is not consistent with good management. The typical status of relocation in the renewal program warrants further comment.

Among the forces that create an urban renewal project economic motivations have become more and more important: the need for additional tax revenues to relieve the crisis of municipal finance; the desire to attract middle and upper-class families back to the city; the incentive of preserving old real estate investments and creating opportunities for new ones; and the urge, sometimes born in desperation, to create a tour de force of open space and architecture that will spark a "revival" of the central city. In relation to these motivating factors, relocation becomes simply a tool of land clearance, subordinated to the primary objective of

¹Washington Housing Association, No Slums in Ten Years (1960), quoted in Millspaugh, Ibid., 7.

²Ibid., 30.

redevelopment.¹

Another study indicates a similar view:

In practice this means that any redevelopment project submitted to federal officials must be justified in terms of economic criteria. So, for example, the FHA will not agree to ensure necessary mortgages unless it can be shown that the new housing will be profitable. Often the renewal entrepreneur is caught between the cross fire of two economically oriented federal agencies. URA insists that he secure the highest price for the cleared land, because it must provide two-thirds of the cost of the write-down. At the same time, FHA is interested in potential profits, and these will be affected by how much the developer must pay for the cleared land. Placation of these grim official forces, plus the developer's insistent demands for a reasonable chance at a profit, means the continual modification of plans by the entrepreneur. The net consequence is that the goal of a "better community" recedes further and further into the background, so that when the project is finally completed one has to search diligently for any indication that it was ever present.²

In order to expedite the renewal program, justification is usually expressed in terms of the low economic status of the site residents. In this regard, ambitious programs for assistance to small businesses have been considered unnecessary because they are marginal.

Thus the businessmen who are economically strong enough to relocate will receive funds for the move, but those who are most in need of aid will receive nothing. Redevelopment officials justify this by the argument that the small stores are already marginal and are being driven out by economic processes, not by

¹Ibid., 31.

²Bellush and Hausknecht, op. cit., p. 294.

redevelopment policies. However, these stores are less marginal in their present neighborhoods; and in addition, they serve a variety of social and communication functions. There are also a number of small businessmen and semiprofessionals in the area who were able to escape from factory jobs by being able to rely on low residential rentals. These will also be forced out of business when their rent bills go up.¹

Such an attitude is largely responsible for the large "losses" to individuals and to the community. This dilemma has been noted by Glazer.

Some 30,000 business properties had been acquired by urban renewal agencies as of September 30, 1963; studies have shown that a third do not survive relocation. Some of them would have succumbed to the high death rate of small businesses in any case. Many that do relocate successfully move outside the city; thus ironically the city loses the taxes from business that urban renewal is meant to increase.²

The economic plight of the typical small businessmen who is displaced is well documented by Zimmer.

Many firms were unable to survive the disruptive effects of the move; yet they received no compensation for the loss of their businesses. Others moved to new sites, but suffered losses through a combination of increased rent and decreased volume of business at the new locations.³

¹Herbert J. Gans, "The Human Implications of Current Redevelopment and Relocation Planning," Journal of the American Institute of Planners, XXV (February, 1959), 19.

²Glazer, op. cit., p. 198.

³Basil G. Zimmer, Effects of Displacement and Relocation on Small Firms, Small Business Administration Research Summary (Washington: U. S. Government Printing Office, 1964), p. 1.

Further:

Forty-three per cent of the relocated firms reported that their incomes had declined at the new locations. The decline was largely among small neighborhood stores and among service and food-related units. Movement out of an established area proved to be particularly disruptive for such businesses. Many were unable to survive displacement and many that survived suffered severe economic losses.¹

The reluctance or inability to acknowledge that the urban renewal program can have psychological and social costs as well as benefits to the site residents has been of great interest to the critics.

Many of the businesses on urban renewal sites were small and marginal; indeed, some provided for an aged couple a living no better than what they would get on welfare. Such people were nonetheless kept occupied, and they provided some of the social benefits of an old neighborhood that Jane Jacobs has described: places to leave messages, conversation to break the monotony and anonymity of city living, eyes to watch the street.²

Further:

If the tangible aspects of renewal are difficult to evaluate in the balance sheet of a cost benefit analysis, how can one assess such intangibles as the cost of relocating an old woman whose only remaining satisfactions in life are taking care of the apartment in which she has lived for many years, going to the church around the corner and exchanging a few words with the neighborhood merchants? Admittedly one can even work in these costs by reckoning the chance that she will require a nursing home when she moves, or some additional

¹Ibid., 3.

²Glazer, op. cit., pp. 198-99.

city service. Such tabulations may at times seem akin to dissecting a rainbow, but they are being made nonetheless. The major purpose of the West End study has been to determine the impact of relocation on the mental health of the participants. Reports by Marc Fried of the Harvard Medical School indicate that serious reactions of grief have exceeded, in depth and duration, most expectations.¹

Perhaps the problem is not entirely fostered by arguments presented for renewal by planners but may be part of the prejudice among middle class citizens against allowing what they consider slums to remain standing.

I would have to say, for what it is worth, that no society I have lived in before or since seemed to me to present to so many of its members so many possibilities and actualities of fulfillment of a number at least of basic human demands: for an outlet for aggressiveness, for adventure, for a sense of effectiveness, for deep feelings of belonging without undue sacrifice of uniqueness or identity, for sex satisfaction, for strong if not fierce loyalties, for a sense of independence from the pervasive, omniscient, omniscient authority-in-general, which at that time still overwhelmed the middle-class child to a greater degree than it now does. These things had their prices, of course -- not all values can be simultaneously maximized. But few of the inhabitants whom I reciprocally took "slumming" into middle-class life understood it, or, where they did, were at all envious of it. And, be it asserted, this was not a matter of "ignorance" or incapacity to "appreciate finer things." It was merely an inability to see one moderately coherent and sense-making satisfaction-system they didn't know, as preferable to the quite coherent and sense-making satisfaction system they did know.²

¹Ibid., 199.

²John R. Seeley, "The Slum: Its Nature, Use and Users," Journal of the American Institute of Planners, XXV (February, 1959), 10.

A greater understanding of the various areas considered for redeveloping is obviously necessary.

One of the most important problems is the lack of financial assistance to a large number of businesses which will be forced to move. In Canada, existing law permits businesses having either no lease or a short-term lease to be evicted on notice without compensation. In this regard the small businessmen will be completely at the mercy of the urban redevelopment program. The inadequacy of present legislation has been acknowledged by Chill.

Thus, you have the patently unfair situation of the law giving the landlord the economic value of land which value has in fact been built up by the merchant tenant.¹

This situation has received the following assessment from the City of Hamilton.

If Urban Renewal were to win the reputation of riding roughshod over small businessmen and forcing them into bankruptcy the whole program across Canada would suffer. There has been more than enough of publicity of this nature (much of it no doubt well deserved) about various expropriating bodies in the past.²

Very fair and adequate compensation for business disturbance and other losses as a result of displacement is provided by law for owners. The situation of the tenant,

¹C. Daniel Chill, "Business Relocation: A Moving Problem" (Divisional Paper, Yale Law School, 1960), p. 7.

²City of Hamilton, "Compensation for Commercial Acquisitions Under Urban Renewal," City of Hamilton Urban Renewal Committee, (no date), 5. (Mimeographed.)

however, is much more tenuous. This unfortunate circumstance is pointed out in the following statement from the City of Hamilton.

There are some conflicts to be found in various awards but in one of the most recent cases, Re: Murray and Metro Toronto (1962 Ontario Weekly Notes, 173), the court of appeal ruled that while the owner of the building should be paid for transferring his moveable equipment, the expense of notices and the loss of profits, no such awards should be made to his monthly tenants in the same building. In most cases tenants have been compensated for the value of their leases, this value being the difference between "what he is called upon to pay as rental and what he would be prepared, as a reasonable man, actually to pay rather than surrender possession of the premises."

Even this potential benefit may be denied by many merchants who do not have leases although they may have been occupying their present premises for many years.¹

There has been considerable criticism of present relocation assistance by social scientists and especially in testimony in several sub-committee hearings before the United States Senate and House of Representatives.² Probably the

¹Ibid., 3-4.

²U.S., Congress, House, Select Committee on Small Business, Small Business Problems in Urban Areas, Hearings, before Subcommittee No. 5 of the Select Committee on Small Business, House of Representatives, on H.R. 13, 89th Cong., 1st sess., 1965.

U.S., Congress, Senate, Committee on Governmental Operations, Uniform Compensation for Relocation, Hearing, before the Subcommittee on Intergovernmental Relations of the Committee on Governmental Operations, Senate, on S. Repts. 1201 and 1681, 89th Cong., 1st sess., 1965.

most ambitious additions to present legislation are those proposed by Schorr. According to Schorr, new legislation should not be limited to relocation payments and other forms of assistance, such as small interest loans, but should also include terminal payments to those businessmen who do not survive relocation and who must re-enter the private labour market.¹

In Calgary the proposal for the implementation of Scheme 1B contains a provision for the consideration of certain claims for compensation, such as relocation costs by business establishments which are not entitled to such payments by law. Financial assistance, which must be paid to owners and tenants with a leasehold interest, would also be of great value to the many tenants without leases in alleviating the financial hardships of relocation.

Even if new legislation requires compensation for every businessman who is affected, one would still expect a large number of failures. In the United States, for example, losses among small businesses displaced from redevelopment areas run very high despite relocation payments of up to a maximum of \$25,000 specifically provided

U. S., Congress, House, Committee on Public Works, Hearings, before the Select Subcommittee on Real Property Acquisitions of the Committee on Public Works, House of Representatives, 88th Congress, 2nd sess., 1964.

¹Philip Schorr, "Relocation Bill of Rights," The Journal of Housing, (October, 1960), 367-68.

in their legislation.¹ Some idea of the extent of these failures can be obtained from the following.

As of this date [December, 1964], 28,526 concerns and institutions had received relocation payments totaling almost \$46 million. Of this total, \$32 million was for reimbursement for moving expenses and the remainder was paid for loss of property. Some 8,744 business concerns have discontinued operations...²

In terms of full public acceptance many urban renewal programs have not had a responsible and positive attitude toward the business affected. On the other hand, some cities have established advisory and other relocation services to deal solely with the problems of displacement. The relocation policies of two cities and their consequences are summarized by Chill.

It is interesting to note that in New Haven which has a special business relocation office to deal with the needs of the displaced businessman, the general attitude of the businessman toward Urban Renewal was different than in Providence. Most of the businessmen interviewed in New Haven felt that although they were inconvenienced and didn't like it, Urban Renewal generally was an excellent thing for the community. Most of them felt quite proud of the face lifting their city was getting and a genuine sense of community participation was evident on their part. When further questioned as to how the business relocation office handled them

¹Urban Renewal Administration, "Urban Renewal Relocation of Business Concerns and Nonprofit Associations: A Fact Sheet," Housing and Home Finance Agency, (August, 1965), 1. (Mimeographed.)

²Ibid., 2.

specifically, very few had any complaints whatever. Most of them were making more money and were satisfied with their new location.

On the other hand, in Providence the reaction of the businessmen to Urban Renewal was bitter and most of those questioned showed a marked antagonism to Urban Renewal. They felt, by and large, that they were unfairly treated and that they had to fight to get anything at all. It is hypothesized that the significance of these differing attitudes is that where proper attention is paid to the needs of the businessman the result is a more responsible and positive attitude toward Urban Renewal on the part of an important segment of the community, the small businessman.¹

Lastly, the present apathy of some of those involved in planning urban renewal programs is perhaps indicative of the absence of the belief that the small businessman is essential to the maintenance of the middle class. In some segments of society in the United States there is the notion that the economic wellbeing of the country depends upon the preservation and expansion of small business. It is this idea which underlies the policy of the United States Small Business Act and also much of the present criticism of urban redevelopment and its effect on the small businessman. Paul L. Brown writes:

...the thousands of small businessmen and their families constitute the great middle class in American society. Their presence acts as a stabilizing influence; it is a kind of buffer between the camps of capital and labor.²

¹Chill, op. cit., pp. 12-13.

²Paul L. Brown, "The Economics of Small Business

Kaplan, in his study for the Committee for Economic Development, has noted:

...it is hard to contemplate a vigorous middle class or strong nucleus of independent voters without the small business element. In serving its own interest, small business serves as a social and political stabilizer, its very members acting as a safeguard against concentration of power in one group.¹

Summary

This chapter has presented a fairly extensive review of the literature concerning the displacement of site residents from urban renewal areas in both Canada and the United States. Certain ideas about the types of solutions that these "natural areas" offer to low-income site residents have also been discussed. These ideas, as opposed to the solely economic criteria, are generally overlooked by redevelopment officials. In Calgary, for example, where the cleared land is to be redeveloped for commercial purposes, a large department store is to be brought in, while at the same time, the old commercial tenants are to be displaced. Questionable on economic grounds, this proposed development completely ignores the philosophical and sociological aspects of small business.

Enterprise" (unpublished Ph.D. Dissertation, Ohio State University, 1941), quoted in Chill, op. cit., p. 21.

¹A.D.H. Kaplan, Small Business: Its Place and Problems (1948), quoted in Chill, op. cit., p. 21.

In the next chapter the analysis is concerned with certain changes that are occurring in central cities. Much of the material is derived from contemporary studies of analogous portions of central areas in other Canadian and American cities. The emphasis in Chapter Two is on the processes associated with the changing pattern of the location of business establishments, population decline, changes in population composition, and the resultant disequilibrium situation or "economic blight." In most of these considerations the generalized processes discussed in the literature can be observed in the specific setting of the study area in Calgary.

CHAPTER TWO

CHARACTERISTICS OF GROWTH AND DECLINE IN CENTRAL AREAS

The sequence of development and the present characteristics of the portion of central Calgary described in this study are not unique. Although it may have attributes peculiar to the particular time and location, one would expect to find the same growth characteristics irrespective of whether they appear as earlier or later stages in the development of other North American cities. Since it is being suggested that the historical processes operating in central cities are repeated endlessly with only minor variations, the emphasis in this section is therefore on the identification of these processes with particular reference to those which have had or are having the greatest effect on the present land use pattern of the study area.

Historical Growth

It is typical of permanent settlements in the foothills country of Western Canada, and probably in the Western United States, that initial growth should take place in the natural valleys along water courses.¹ Thus, the selection

¹For a discussion of the history of growth and settlement of the major centers of population within Southern Alberta see: Samuel Klapman, "Patterns of Settlement, Growth and Early Planning of the Southern Alberta Region," City of Calgary Planning Department, 1964. (Mimeographed.)

of the flood plain at the confluence of the Bow and Elbow Rivers in 1875 for a small North-West Mounted Police fort did not differ significantly from the locational pattern of other permanent settlements. It can also be pointed out that railroad alignments usually follow the easiest grades, and thus the Canadian Pacific Railway (CPR) parallels the Bow River in Western Alberta, a fact which is also not particularly significant by itself.

The Canadian Pacific Railroad passed through the small settlement of Calgary in 1883, and it was with the arrival of the railroad and the selection of the town as the company's major maintenance center for the western section of the prairie provinces that Calgary, according to Smith, assumed real significance.¹

In 1884 the Canadian Pacific Railroad surveyed a new townsite which included the present study area, and the sale of lots was begun in order to encourage settlement and to develop new markets and trade which would utilize the railroad. As soon as sufficient settlement in the Calgary region established the location of shipping points, the railway terminal followed. This, in turn, formed a nucleus for more concentrated settlement with the establishment of business and commercial services such as banks and hotels. It was also logical that service industries and warehousing

¹P. J. Smith, "Calgary: A Study in Urban Pattern," Economic Geography, XXXVIII (October, 1962).

should locate near the railroad station, which they did. Thus, came the beginning of a central business district.

Apparently, both the growth and the shape of the early city was influenced by surface form more than by any other single factor, a situation which is discussed by Smith.

At the heart of this pattern is Calgary's railway system with its controlling influence on industrial siting, but even more basic than this is the pattern of entrenched river valleys and abandoned stream channels followed so closely by the railways. Surface form, then, through its influence on railway location, has played a very significant role in establishing Calgary's urban pattern.¹

Subsequent growth following initial settlement was affected by virtue of the fact that the railway led to the opening of new farm land for which Calgary was to be the supply and service center and immediate market. Smith has noted that during the next 30 years Calgary became the point of convergence for a system of branch railways which further served to increase its importance as a central place for an extensive hinterland. The importance of agriculture in the region fostered those industries necessary for rural development. Service industries also increased with the development of Calgary and in response to this regional growth.

Calgary's historical growth has been characterized by a series of periods of very rapid growth, or booms. These

¹Ibid., 319.

booms are interspersed with periods of lesser growth or even, as in the depression period, by stagnation. The first boom period followed the arrival of the railroad. The second boom period was associated with rapid agricultural growth in the Calgary area prior to the First World War. Except for a brief burst of building activity and population increase in the late 1920's, the inter-war period was generally one of stagnation. The city's present growth is characterized again by boom conditions which have resulted from major petroleum discoveries in the Province of Alberta and the proliferation of oil industry administrative offices in Calgary. The rate of growth of the city during this present boom period has been the highest of any metropolitan area in Canada. Calgary's historical growth is illustrated in Table 1.

While each of these periods of activity produced its share of the present buildings in Downtown Calgary, the historical analysis is not complete until the various forces operating within the city during the last several decades and the direction and rate in which these changes are taking place are identified. The central city has undergone three periods in which a changing emphasis in technology has had a direct effect on the pattern of land use. These changes in the character of the downtown area have also occurred to a comparable extent throughout the metropolitan area.

These changes include, first, the development of

TABLE 1
 CALGARY'S POPULATION GROWTH
 1884 to 1968

Year	Population	Year	Population
1884	506	1946	100,044
1891	3,876	1948	104,718
1901	4,091	1951	140,645 ^a
1906	11,967	1954	156,748
1911	43,704	1956	200,449 ^a
1916	56,514	1961	277,485 ^a
1921	63,305	1962	283,329 ^a
1926	65,291	1963	276,975
1931	83,761	1964	294,924 ^a
1936	83,407	1965	311,116 ^a
1941	87,267	1966	323,289 ^a
1944	97,241	1967	335,806 ^a
		1968	354,856 ^a

Sources: Thomas F. Saarinen, "The Changing Office Functions in Calgary's Central Business District 1946 - 1962" (unpublished Master's thesis, Department of Geography, University of Chicago, 1963), p. 1.

City of Calgary, Municipal Manual City of Calgary 1968 (Calgary: Compiled by the City Clerk, 1968).

^aMetropolitan area

industry and wholesaling adjacent to the railroad in the pre-modern downtown. Good connections with rail terminals in this period became an important consideration since a large proportion of the goods was to be carried by the railroad, replacing the slower way of overland cart and bull train.

The second change was associated with the widespread introduction of trucking. This advent of a more flexible mode of transportation contributed to the declining importance of the railroad, since many industrial and commercial operations were no longer required to cluster at rail terminals. Even though there was access by truck from the downtown to points in the city and the city region, downtown was not an efficient distribution center since the narrow streets could not accommodate large trucks and trailers. Thus, the need for convenient movement of goods has resulted in the establishment of distribution points elsewhere in the city.

The last change noted here is associated with the spread of the telephone and the motor vehicle, which has further weakened the advantages that certain types of establishments may have had to concentrate at a particular point. The motor vehicle has been especially important in facilitating the dispersion of the consumer into less congested parts of the metropolitan area. Accordingly, many establishments have followed the outward movement of the residences, and, although they are now serving a smaller market, good accessibility and modern, up-to-date department stores and similar layouts can be used to cut costs.

Certain other commercial and industrial establishments, however, still maintain their facilities in the central city. The various types of establishment, and how they have

been affected by these recent developments, are discussed in more detail in the section on "Present Trends".

Land Use Characteristics

The present pattern of land use in the study area is the way it is primarily because something else was there before. The extent to which the downtown was developed in the pre-1914 period, and the fact that much of this development has remained, are responsible for the present pattern of mixed land use.

Smith has noted that:

...by 1914, almost all of the flat valley land south of the Bow and west of the Elbow was occupied in a pattern essentially that of 1961 in miniature: a compact central core, north of the railway; a lineal zone of mixed industry and wholesaling along and south of the railway; and surrounding the whole, a circlet of housing of one mile radius.¹

Saarinen has made the same point:

The area of mixed land reflects the more mixed type of pattern found in smaller cities. This is as should be expected since the buildings here were largely completed long before the present boom period, when Calgary was a smaller city.²

It is interesting to note the extent to which the phenomenon of mixed land use occurs in the central area of other cities. In a portion of downtown Toronto, for example, Kerr and Spelt have described this pattern in the following

¹Smith, op. cit., pp. 317-18.

²Saarinen, op. cit., p. 50.

manner.

Land use in the area is of great variety with many sharp contrasts. Apart from manufacturing plants, there are retail stores, wholesale establishments, row houses, railway yards, junk yards, hotels, schools, churches, and restaurants. With the exception of residences, very little grouping is apparent. It is not uncommon to see one-story, shoddy retail stores, a well-kept wholesale establishment, an old multi-story multi-purpose building, and a few dilapidated houses on one side of a street in one block.¹

In the study area, from World War I to the present time, a great many dwelling units have been demolished and very few constructed. During this period industrial and commercial uses have invaded these former residential portions. The "invasion" and "succession" in the east end of downtown Calgary have further contributed to the mixed pattern of land use which was already heterogeneous by nature of the pattern of initial growth. In the following description of a large portion of the urban renewal area in Calgary, the reader will note the similarities between this and the land use pattern in a portion of downtown Toronto described above.

The character of the undifferentiated zone is that every block includes residential along with at least one other major land use type. Many of the buildings which were originally single-family dwellings have long since been converted into multi-living units. In some cases the residential uses are grouped together but in most blocks the encroachment of industrial-commercial uses and the demolition of deteriorated dwellings has left single and

¹Donald Kerr and Jacob Spelt, "Manufacturing in Downtown Toronto," Geographical Bulletin, (No. 10, 1957), 6.

small groups of houses amidst commercial uses and unused land.¹

Present Trends

At the same time that the suburbs are becoming increasingly more attractive for certain establishments, it is apparent that the reasons for this exodus from the central city lie in a large number of problems existing in these older sections. Mayer provides an excellent summary of these problems:

At the same time, the increased efficiency of transportation, both internal and external, has resulted in a loss of the comparative advantage of the central city relative to the suburbs and locations for industrial activity, and productive employment. ...declines in the metropolitan areas as a whole, due to the spreading of accessibility by transport improvements, as well as the diminishing scale economies resulting from other technological improvements within the respective industries. Among them has been the development of straight-line production, which has created the demand for large-scale single-storey plants demanding much more extensive tracts of land than the central areas of cities can supply. On the other hand, the inventory of available industrial structures in the central cities on the whole is not well adapted to re-use by new and expanding industry. Typical older industrial buildings are multi-storey, with inadequate floor-loading capacities for much of the modern machinery, with little or no areas available for off-street automobile parking, and, with the generally increasing dependence upon the automobile, with far from adequate public mass passenger transportation. Modern industry, furthermore, tends to shun the

¹City of Calgary, Urban Renewal Scheme No. 1A. For a Portion of Churchill Park (Calgary: The City of Calgary Planning Department, 1966), p. 24.

older and less attractive neighborhood environments within the long-developed central urban areas, preferring the amenities of outlying location where more space is available, new environments of greater attractiveness can be and have been created within and adjacent to the industrial districts, and where the availability of motor truck transportation and railroad access by motor trucks have to a large extent relieved the industries of the former dependence upon sites directly accessible by railroad sidings. Nearby suburban residential environments, furthermore, attract labor force to outlying industries at all levels except the lowest, for which the demand is rapidly decreasing.¹

Together with these centrifugal forces there has been a change within the central area itself as the prestige retail and office functions have slowly migrated or advanced along a certain front(s), leaving in their wake the "zone of discard".² Saarinen has noted:

There has been a selective factor at work with a gradual exodus of prestige-seeking establishments. The result is lower rents and different types of tenants. Most of the office space is occupied by wholesale agents, organizations and associations of various sorts, and there are many vacancies. There are wholesale warehouses and small amounts of industry here. Public uses including churches and church halls, and city, provincial, and dominion government offices are common.³

¹Harold M. Mayer, "Economic Development in Central Chicago: A Program-Oriented Study," (Paper presented at the Latin American Regional Conference of the International Geographical Union, Mexico City, August, 1966), pp. 5-6.

²Raymond E. Murphy, J. E. Vance, Jr., and Bart Epstein, "Internal Structure of the CBD," Economic Geography, XXXI (January, 1955), 42.

³Saarinen, op. cit., pp. 50-51.

Not to be overlooked, and perhaps representing one of the most important aspects of change in the central city, are the changes in population and in population composition. Ossenberg provides an excellent summary of the population characteristics of the residents in the central area of the city of Calgary.

The more central and older communities... Calgary-East and Victoria Park are old communities compared to other areas of the city. The Calgary-East area is the oldest central area adjacent to the commercial activities of the city center and it is similar in many ways to central communities in other cities. For example, there is a high degree of physical deterioration, a high degree of population mobility and transiency, and a relatively high proportion of under educated and under skilled residents. In addition to this there is a disproportionately high elderly population, part of which have resided in the area for a long period of time and have retired with limited economic resources. There is also a great deal of mixed land use which reflects the highly-transitional nature of this area.¹

Under certain conditions a change in population which includes relative decreases in incomes, and thus socioeconomic levels, can have the same effect as absolute declines in population. Where, as is the case in most central areas of large cities, there is both, the condition normally referred to as "blight" usually exists. Berry defines this particular aspect of blight as "economic

¹Richard J. Ossenberg, The Human Resources and Community Opportunity Assessment Study, Calgary, Report to the Human Resources Research and Development Executive Council, Government of Alberta, December, 1966 (University of Calgary: December, 1966), pp. 39-40.

blight."

Economic blight exists when changes on the demand side lead to losses of markets. Among such changes are reductions in numbers of people supported, lowering of the socio-economic level of the area served, and reduction of demands because of the development of new sources of competition. Outward manifestations of economic blight may include: excessive vacancy rates, generally due to the failure of the more specialized stores; a change in character of use from higher-order specialization towards duplication of smaller establishments, or the inward movement of uses which previously occupied the ribbons; changes in the kinds of goods carried by the stores which remain, reflecting their readjustment to reduced demands and resignation to reduced volumes.¹

The change in character of use from higher to lower-order specialization, duplication of establishments, and readjustment to reduced demand and volumes is never more obvious than on Calgary's Skid Row. Here the duplication of many second-hand clothing stores, cheap cafes, hotels, taverns, billiard halls, and barber shops is found in association with the missions, employment offices, and cheap lodgings or "flops" which cater to the needs of the homeless man. Here, not only physical and economic blight of the city structure and function are obvious, but there is also a large portion of the population with social and psychological problems.

¹Brian J. L. Berry, Commercial Structure and Commercial Blight (Chicago: University of Chicago Press, 1963), pp. 179-80.

Declines and changes in the location of non-residential establishments. We know that in the early stages of development in Calgary, all the land uses were at one time confined to the downtown area because the city's growth was concentrated in this area. Subsequent growth and readjustment, as already noted, have been influenced both by the centrifugal pull of favorable conditions in the suburbs and specific uprooting forces in the central city.

To specify which types of uses are undergoing the greatest locational changes and the rate at which these changes are occurring is the purpose of this particular subsection.

A historical enumeration of non-residential establishments was carried out for an 11 year period, 1955 to 1966. Each establishment was classified according to the 1960 Dominion Bureau of Statistics (DBS) Standard Industrial Classification (SIC Code). The results of this survey are shown in Table 2.

As an examination of Table 2 reveals, it is apparent that relatively large losses have occurred among the Manufacturing and Finance groups. Although the losses of Community Service and Retail uses were greater in absolute numbers, the losses from the former categories leave them with only token representation in the area at the present time.

The fact that the outward shift of manufacturing jobs

TABLE 2

CHANGE IN THE NUMBER OF NON-RESIDENTIAL
ESTABLISHMENTS: 1955-1966

Category	1955		1966		Change	
	Nos.	Percent	Nos.	Percent	Nos.	Percent
Manufacturing, Construction & Transportation	54	12.1	17	6.8	-37	-68.5
Wholesale Trade	32	7.1	33	13.1	+ 1	+ 3.1
Retail Trade	126	28.1	73	29.1	-53	-42.1
Finance, Insurance & Real Estate	45	10.0	10	4.0	-35	-78.7
Community, Business & Personal Serv.	184	41.1	112	44.6	-72	-39.6
Public Administration	7	1.6	6	2.4	- 1	-19.9
Total	448	100.0	251	100.0	-197	-44.0

Source: Henderson Directories Limited, Henderson's Calgary City Directory: Volume XLV (Winnipeg: Henderson Directories Limited, 1955).

from big cities has been so common suggests that the underlying forces are of some general sort which are not unique. In Calgary, as elsewhere, the loss of many of the manufacturing firms has been to the suburbs. In studies of industrial migration the emphasis on a "search for space" has

been almost universal. According to Hoover and Vernon:

It has not been simply a question of finding more factory room for more machines; such a need could be provided in many cases by adding a floor or two to existing factory structures. Rather, the structures themselves are no longer the right type....For obsolescence has set in upon most factory structures well before the structures themselves have worn out.

.....
 Added to the need for tailor-made structures were the special difficulties created by zoning in the city areas....plants in mixed neighborhoods cannot easily obtain permission to expand....

But there is still another difficulty in expanding within the old cities, namely, the high cost of acquiring a site, even without the complications of acquisition....finding a site large enough to house more than 200 or 300 employees is still a bothersome one--both costly and time-consuming....

For many manufactures in the Region, however, the process of location has never involved the choice and assembly of a building site....As a rule, the only course for such establishments is to occupy industrial space wherever it is offered for rent by others. Yet such establishments, too, have been appearing at a faster rate in the out-lying portions of the Region than in the old cities.¹

While the Finance, Insurance, and Real Estate group has declined at virtually the same rate as Manufacturing, the losses in the former category have been primarily to the downtown office district rather than to the suburbs. In a follow-up study of establishments that had moved from the study area it was discovered that all of the firms except one had stayed in the downtown area and most of these had located somewhere within the CBD.

Based on results of the New York studies by Hoover and

¹Hoover and Vernon, op. cit., pp. 26-29.

Vernon, the most important generalization regarding the concentration of the insurance, real estate, and especially the financial establishments in the central city is supposedly a common preoccupation with the operation of the local and national "money market." The process of exploring this market for sources of information depends upon personal communication. In addition to the need for face-to-face confrontation, the advantage of maintaining a downtown office also facilitates the speedy movement of important papers and documents between these inter-related concerns. Another reason why a downtown location is considered to be an important advantage is that the area is the most convenient location for the recruitment of a large labor force. In the past, recruitment, particularly of women, has been easier in the central areas, since downtown is conveniently at the convergence of the public transportation system.

At the present time, however, it appears that the impairment of mass transit facilities and the widespread use of the private auto will continue to decrease the relative attractiveness of Calgary's CBD for this group. In the past the trend has already been represented by the dispersion of banking and insurance companies outward toward the newer areas with close attention to the public accessibility of their facilities. Within both the banking and insurance industries, decentralization through centralized accounting eliminates the journey of clients to central

offices to pay premiums or to make similar payments.

Even though the obvious decentralization of these types of establishments can be verified empirically by looking at the locations of banks and insurance offices, the specific establishments contacted in this survey have tended to resist this movement. The one fact that does appear outstanding, however, is the apparent lack of prestige uses now in the study area. Many of those who were once in the area are now in the adjacent and more salubrious downtown office area.

While the Manufacturing and Finance groups have had the largest relative declines, the position of the Wholesale category has remained virtually unchanged in absolute numbers. The status of this group is very interesting since it reflects a continued demand for certain types of space and locations ~~in the study area~~.

Those wholesale firms that do find such a central location an advantage are primarily "selling-oriented" or "seller-distributors," as opposed to wholesalers who are essentially distributors. Among the "selling-oriented" wholesalers in the study area is a large number of representatives for large national clothing concerns. This type of wholesaler is dependent upon personal communication with buyers, and, as is the custom in the garment trade, the close proximity of these representatives to one another gives the buyer the opportunity to examine and compare each lot before

purchase. The major generalization with respect to the wholesalers who are primarily distributors and who do not rely on an inter-personal type of market, is that they have established distribution points in suburban locations, following closely the dispersion of residences and retail stores throughout the region.

As revealed in Table 2, there has been a net loss of 50 retail establishments from the seven-block study area. As was the case with the Manufacturing category, the follow-up survey subsequently encountered few of these establishments. Observation, however, indicates that retail businesses appear to be distributed according to the residential pattern of the consumer. As will be discussed in the next subsection, certain types of retail activity have responded closely to population redistribution. Food stores, for example, are well distributed throughout the metropolitan area, and this pattern will likely continue as these consumer-orientated types of activity follow the homes in their outward shift. It should be noted that new retail outlets, like new warehousing and industrial buildings, can benefit from the construction of more modern and more efficient layouts; this partly explains why retail sales in the suburbs have increased more rapidly than retail employment. At the same time, however, there are still those retail uses which have not responded to these population movements and have remained concentrated in the central city.

These retail uses tend to be those specializing in unstandardized lines which require extensive, comparative shopping or which rely on out-of-town customers for much of their trade.

The Community, Business, and Personal Services category has been and still is the largest category in the seven blocks and can be thought of as being closely associated with several of the other categories. One sub-category would include the accounting and legal services, the advertising and employment agencies, the architects and engineering services, and a variety of similar activities. These services to business management depend for much of their business on the office and financial communities and on each other. Another sub-category would include the personal services, which closely resemble the retail functions, and includes such types of services as laundries, barber and beauty shops, and repair services. Other categories which resemble the retail functions are the hotels and restaurants and the amusement and recreation facilities. The remaining establishments would include the non-profit organizations. These are primarily educational, scientific, and professional groups as well as trade associations and social organizations.

Among this group of activities the same location forces which have already been discussed are evident. The advantage of a central location for the business management services

is that much of their work involves face-to-face communication with members of the office and financial community. The consultants and other specialists who are located close to this community are able to take care of the specialized problems which require immediate attention. For this subcategory the need is not only to be near their clients but also to be near the other business services on which they depend. A lawyer, for example, who is brought in as a specialist in a particular case, must in turn draw on the services of a print shop for the publication of his brief.

Personal Services, like the Retail category, would be expected to be closely associated with the distribution of population; presumably the subsequent suburbanization of the consumer would be responsible for a shift in these jobs to the outlying suburbs. However, in the analysis of the number of establishments in this category relative to the total metropolitan area in Chapter Three, it is noted that there is a relatively high degree of concentration of these businesses in the study area. The forces influencing those establishments which have remained in the downtown are the same for those establishments in other categories; these include the convergence of the public transportation system and an easier task of recruiting labor. Perhaps most important, the greatest range of vacant office space and rentals is available in the central area so that the need of many establishments for cheap space can invariably be met here.

Like many of the government functions found in the east-end of downtown Calgary, the establishments in the non-profit sub-category have a typically regional or provincial scope, and thus a central location minimizes the cost and effort of the communication process. It has already been mentioned that the "zone of discard" in Calgary is well represented by these non-profit uses. Together with centrality, one of the most important reasons for this concentration is, again, the wide selection of cheap office space.

Population change. In the enumeration district which includes the present study area, there has been a relatively large population decline from 4,417 persons in 1948 to 1,379 in 1966. To what extent this decrease is inter-related with the changes in the non-residential structure of the area is the important problem to be discussed here.

It has already been pointed out that losses of establishments from the study area have been to the suburbs and to the more prestigious retail and office core areas. It has also been pointed out that the exodus of these establishments to the suburbs has been brought about by a number of factors, the most important of which has been the minimizing of time and cost of distance between business outlets and the shifting residential pattern of the consumer. Declines in demand in the central area resulting from population shifts must obviously affect certain establishments

more than others. For example, those establishments which are (or were) the neighborhood (or local) shopping area for the downtown population must be affected to a much greater extent than those establishments which are city-wide in scope.

As we have already noted, population changes in the central city have involved not only population decline, but concomitant with this decrease there has also been a replacement of higher-income by lower-income residential groups. This situation, noted previously by Mayer, has also been pointed out by Berry:

Several kinds of change are affecting the commercial structure of Chicago. Long run changes in scale and mobility are causing an average annual (geometric) rate of decline of establishments of 5.8 per cent. Conversely, real income increases of 3.2 per cent annum are calling forth a 2.7 per cent average annual growth in demands. A process of population redistribution is also taking place, with thinning out of the inner city and increasing densities in the outer city at rates of about 1.0 per cent per annum in each case. Further, high income groups are being replaced by lower-income families in many neighborhoods. The effect of this socio-economic process is a 1.75 point average annual drop in relative income, or a 2.2 per cent decline in demands for establishments. Summing all these plus and minus terms, the net effects are for demands for retail establishments to decline at a rate of 2.0 per cent per annum in stable high income communities, 4.0 per cent per annum in stable low communities, and 5.0 per cent per annum in zones of transition.¹

¹Berry, op. cit., p. 201.

A recent study of the relationship between number of establishments, retail sales, per capita sales, establishment activity index (% of retail sales/% of retail establishments), and population change provides an insight into some of the changes already suggested.

Over the 1929-58 study period, the central cities of the Providence metropolitan area and Woonsocket, an independent urban area, suffered substantial losses in the proportion of the state population claimed by each. During this period these communities also experienced losses in their share of state retail establishments and sales. As relative losses in their share of sales were greater than in their share of establishments, these communities experienced a relative decline in the volume of sales per establishments compared to most of the other towns and cities of the state for which these trends could be studied. In addition, these communities enjoyed considerably smaller increases in per capita sales compared to the gains on this score experienced by most of those towns and cities for which such data could be derived.¹

In Calgary a number of observations have been made which further illustrate the effects of population redistribution on patterns of business location. Smith, for example, has noted the following:

Even as late as 1956, there was not very great change to this pattern. Commercial strips were being extended and supermarkets were making their appearance, but land set aside for shopping centers in the new outlying residential neighborhoods was still vacant. By 1961,

¹Surinder K. Mehta, Population Redistribution and Business Structure and Location Patterns: Rhode Island, 1929-1958 (Providence: Brown University, 1963), pp. 118-120.

however, the metropolitan population had increased to 265,000, the urban radius to an average of five miles and the number of dispersed shopping areas to 60, including two regional centers each with a department store and approximately 50 smaller stores, service facilities, and offices. It would almost seem that the 1956 population of 180,000 represented a critical limit for the efficiency of the central business district, by no means marking the beginning of a decline in central retail functions--quite the contrary--but clearly differentiating the specialized retail character of the central area from the localized centers efficiently dispersed for day-to-day convenience of consumers.¹

An historical numeration of retail establishments published in Calgary's Downtown Master Plan can also be used further to illustrate this situation.

While the decline in per capita Downtown retail sales in Calgary is implied there is no evidence to believe that total sales have decreased. On the contrary the increase in the number of retail outlets would suggest a significant increase in activity. In 1955 Henderson's Directory indicated 358 outlets in the Downtown. By 1960, there were 435 outlets and by 1965, this number had increased by 64 to 499. (Downtown, as used in this context, is the area between the Bow River and the CPR tracks, and between 11th Street West and 6th Street East).²

Table 3, on the following page, shows the results of dividing total metropolitan population by the number of retail establishments in the downtown for those years noted in the above quote.

It can be noted that between 1955 and 1960, the percent

¹Smith, op. cit., p. 327.

²The Future of Downtown Calgary, op. cit., p. 16.

TABLE 3

INCREASES IN METROPOLITAN POPULATION AND
RETAIL ESTABLISHMENTS IN DOWNTOWN CALGARY: 1955-1965

Years	Nos. of Establishments	Per Cent Increase	Metro Population	Per Cent Increase
1955	358	--	C188,000	--
1960	435	21.5	C265,000	41.0
1965	499	14.7	311,116	17.4

increase in metropolitan population was almost twice that of the increase in the number of retail establishments in Downtown Calgary. Between 1960 and 1965, however, the difference between total population growth and increase in retail establishments in the downtown business area was not that large. This overall increase does appear consistent with the findings of Mehta noted above, even though the differences are not as great. The increase in the number of retail outlets with increasing size has also been pointed out by Horwood and Boyce.

At any given point in time, larger cities have more retail sales downtown than smaller cities, but not directly in proportion to population. The percentage of total city sales in the CBD decreases as city size increases, but only slightly in cities above 150,000 population. Conversely, the greatest change in the shift of sales from the CBD to outlying areas occurs as cities approach a population of approximately 150,000.¹

¹Edgar M. Horwood and Ronald R. Boyce, Studies of the

A certain amount of caution in interpreting these data is required, however, since any trend towards increase in the size of establishments could conceivably offset the apparent slower increase in number of establishments observed downtown. The fact that establishments are becoming larger has been noted by Mookherjee.

This study, for instance, shows that although there is a significant positive correlation between change in population and change in number of business establishments there is a trend toward decrease in the latter with increase in population.

Over 60 per cent of the selected cities with increasing population have suffered a net loss in number of business establishments. While reporting a supermarket study in the United States, Markin mentioned that the number of stores declined by 27 per cent from 1948 to 1958. He suggested that "as smaller stores went out of business, they were replaced by fewer, but larger establishments." What is the probable reason for such changes in the state of Washington? Is it a consolidation of establishments, or are there other reasons? In rates of change in number of business establishments and in sales per thousand of population, the low correlations suggest that in many cases business is not changing at the same rate as population.¹

If, on the other hand, the increase in the size of the establishments varies such that the size of the firms in the downtown area is not increasing at the same rate as

Central Business District and Urban Freeway Development
(Seattle: University of Washington Press, 1959), p. 44.

¹Debnath Mookherjee, "Patterns of Changes in Population, Business Establishments, and Sales in Selected Cities in Washington," University of Washington Business Review, XXV (April/June, 1966), 54.

those in the outer area, the original observation is still valid. Simmons, for example, has noted that "average store size is increasing most rapidly in the newer areas of the city. It is easier to plan a new store at the large scale than to increase the size of an older one."¹ The conscious seeking of a suburban location with an increase in establishment size has also been noted by Ratcliff.

Recently greater emphasis has been placed on larger units and the supermarket type of outlet. The result has been to close many of the smaller stores and to seek locations on major traffic arteries that are central to a larger zone of patronage. Parking facilities are important and in many cases are provided as part of the service. Traffic congestion is avoided with the result that suburban locations are sought.²

Vacancies. Given declines in demand for goods and services, one would expect declines in occupancy or demands for space. When there is a drop in demand and no comparable reduction in the supply of space, some stores will likely become vacant. Berry has again noted:

If an equilibrium between demands and supplies existed prior to invasion, then the effects of invasion and eventual replacement of the higher by a lower level equilibrium must be the creation of a large pool of unused stores. Commercial vacancies, then, are the reflection of declining demands.³

¹James Simmons, The Changing Pattern of Retail Location (Chicago: University of Chicago Press, 1964), p. 63.

²Richard U. Ratcliff, "Demand for Non-Residential Space," in Readings in Urban Geography, ed. by Harold M. Mayer and Clyde F. Kohn (Chicago: University of Chicago Press, 1959), p. 405.

³Berry, op. cit., p. 184.

Reductions in space do occur, however, from demolition, from fires, and also from conversion to residential use.

Saarinen has noted that in the "zone of discard":

Second floors are dominated by residential use and over time it might be expected that this type of use will move further and further west, as unrented lower quality office space is converted to low quality suites and rooms.¹

It should also be noted that store vacancies are not solely the product of "over-storing" since they are also related to mismanagement and functional failures such as inappropriate store association. The closure of a department store, for example, deprives the smaller adjacent stores of their needed foot traffic.

The proportion of vacant floor area in the eastern portion of Downtown Calgary has been determined on at least two occasions. According to the study by Saarinen in 1962, which included five of the blocks in the present study area, there were four of these five blocks in which the percentage of vacant office space (not including government offices) exceeded 25 per cent. These blocks included those between Centre and Second Streets and Seventh and Ninth Avenues S.E.² In 1964 the City of Calgary Planning Department surveyed all of the occupied and vacant non-residential and non-government establishments in the area east of First Street

¹Saarinen, op. cit., p. 51.

²Ibid., 76.

to Sixth Street from Ninth Avenue to the Bow River. This survey covered five of the seven blocks in this study (including the two omitted by Saarinen). In these five blocks east of First Street S.E. there was a total of 504,535 ft.², of which 17.1 per cent was reported to be vacant.¹

Summary

In this chapter, the generalized processes or similar processes at work in different, but presumably analogous, contexts have been investigated in the specific setting of the study area in Calgary. In most cases the similarity or close relationship between these generalized processes and the observations in Calgary suggest that the same forces are operating at various levels.

In the present study area there have been several important changes. The area is no longer a very convenient distribution point and also many of the buildings in the area are no longer suitable for modern production-line processes or for the newer techniques of retail merchandizing. In the east end of downtown there has been a large decline in the residential population, amounting to 3038 persons from 1948 to 1966. There is also some evidence to suggest

¹City of Calgary Planning Department, (unpublished research material, no date).

that a change in the composition of the population has occurred as low-income groups have replaced those of relatively higher economic status.

Population declines as well as changes in population composition from a higher to a lower income group have been commensurate with a sharp decline in the number of non-residential establishments, from 449 in 1955 to 251 in 1966. There is a great deal of evidence in the study area of these reduced demands. Particularly evident is the large surplus of vacant floor space. In a study in 1962, vacant floor area exceeded 25 per cent of the total floor area in four of the blocks in this study.

In the next chapter, a profile is presented of the characteristics of the non-residential establishments. Since the effects of urban renewal will vary depending on certain characteristics of the non-residential establishments as well as on certain characteristics of the owner-operators (age, for example), what may appear to be an analysis of fairly disparate characteristics is in reality an attempt to provide a basis for the predictions which will be suggested in Chapter Four.

CHAPTER THREE

CHARACTERISTICS OF THE NON-RESIDENTIAL
ESTABLISHMENTS PRIOR TO REDEVELOPMENTIndustrial Classification

In the study area, not all of the standard industry types are present, while a number of categories are represented by only a few establishments. According to the criteria of employment and number of establishments there are, however, major concentrations in certain categories. It can be noted in Table 4 that the relative proportions of employees in Retail Trade, Community, Business, and Personal Service, and Public Administration are greater than the proportions in these categories for Metropolitan Calgary in 1961.¹

Numbers of establishments according to industry types are available only for Wholesale Trade, Retail Trade, and a portion of the Community, Business, and Personal Services. In Table 5, the total number of establishments for Calgary and the present study area are compared. What is worthy of

¹There is a brief time lag involved in the comparison of Metro Calgary in 1961 and the present study area in 1966. If data had been available for the metro area in 1966, employment in the present study area as a percent of total metro would probably be slightly less than that shown in Table 4, since overall employment has risen while that in the study area has been declining.

TABLE 4

COMPARISON OF EMPLOYMENT IN METRO CALGARY
AND THE PRESENT STUDY AREA

Industrial Classification	1961 Metro		1966 Scheme 1B	
	Employment		Employment	
	Number	Percent	Number	Percent
Agriculture	998	0.91	-	-
Forestry	76	0.07	-	-
Fishing and Trapping	12	0.01	-	-
Mines, Quarries and Oil Wells	6942	6.35	-	-
Manufacturing	13064	11.96	56	3.27
Construction	10613	9.71	5	0.29
Transportation, Communication and Other Utilities	12202	11.17	20	1.17
Wholesale Trade	9529	8.72	133	7.78
Retail Trade	14317	13.10	341	19.94
Finance, Insurance, and Real Estate	5566	5.09	53	3.10
Community, Business and Personal Services	23454	21.47	583	34.09
Public Administration and Defence	9786	8.96	519	30.35
Industry - unspecified or undefined	2697	2.47	-	-
All Industries	109256	100.00	1,710	100.00 ^a

Source: Canada, Dominion Bureau of Statistics, Census of Canada: 1961, Vol. 111, Labor Force, Industries by Sex, Metropolitan Areas Bul. 3.2-2, Cat. No. 94-519, p. 1.

^arounding error

note here is that in the seven block study area there are several important concentrations of certain establishments.

Out of a total of 62 wholesale agents and brokers in Metro Calgary, 19, or approximately one third of this total,

TABLE 5

NUMBER OF ESTABLISHMENTS FOR SELECTED INDUSTRY TYPES
FOR METRO CALGARY AND THE PRESENT STUDY AREA

Industrial Classification	1961 Metro	1966 Scheme 1B	1966 Scheme 1B
	Employment	Employment	Employment
	Number	Number	% of Metro
Wholesale Trade	621	33	5.31
a) merchant wholesalers	494	14	2.83
b) agents and broker	62	19	30.64
c) other	65	--	--
Retail Trade	1,787	73	4.09
a) food	461	11	2.39
b) general mer- chandise	47	3	6.38
c) automotive products	460	4	0.87
d) apparel and shoe stores	243	10	4.12
e) hardware, fur- niture and appliances	226	16	7.08
f) other	350	29	8.29
Community, Busi- ness & Personal Services	1,184	90	7.60
a) amusement and recreation	74	10	13.51
b) business manage- ment services	135	11	8.15
c) personal serv.	496	31	6.25
d) hotels and restaurants	323	32	9.91
e) other	156	6	3.85

Sources: Canada, Dominion Bureau of Statistics, Census of Canada: 1961, Vol. VI-Part 2, Wholesale Trade, by Kind of Business and Major type of Operation for Cities of 30,000 Population and Over. Bul. 6.2-2, Cat. No. 97-512, pp. 3-5.

Canada, Dominion Bureau of Statistics, Census of Canada: 1961, Vol. VI-Part 1, Retail Trade, Location, Provinces and Cities by Kind of Business. Bul. 6.101, Cat. No. 97-501, pp. 5-6.

are located in the study area. Similarly, there are 90 out of 1184, or 7.6 percent of the city's Community, Business, and Personal Services in the Scheme 1B area. In this particular category, for instance, there were 11 billiard halls listed in Metro Calgary in 1961, of which six are in the study area. In the Personal Services group, there were 151 barber shops in Calgary in 1961, while there are 17 or 11.3 percent of this total in the proposed urban renewal area.

In the hotel and restaurant category, eight, or 28.6 percent, of the city's full year hotels with licensed premises (beer parlors) are in the study area. Similarly, there are 21 eating places in the study area which represented 12.1 percent of the city's total in 1961.

In Retail Trade, seven, or 25.0 percent, of the furniture stores in Calgary are also in this area. There are, in addition to the above, two second-hand furniture shops. Of lesser importance in the retail group are four second-hand clothing stores compared with seven enumerated in the 1961 census for Calgary. One of the city's two fish markets and four out of 24, or 16.7 percent, of the city's meat markets are also in the study area.

Sources from Table 5 Continued: Canada, Dominion Bureau of Statistics, Census of Canada: 1961, Vol. VI-Part 2, Service Trades, Locations, Provinces and Cities by Kind of Business. Bul. 6.2-7, pp. 5-6.

Some of the Community Services, including enterprises conducted by educational, religious, charitable, fraternal, or other non-profit organizations, are not included in the DBS summaries of establishments by kind of business. In the present study area there are a total of 22 concerns in this category, which are listed below. Thus, the total number of establishments in the Community Services group should read 112.

TABLE 6
NUMBER OF ESTABLISHMENTS IN A SPECIAL CATEGORY
OF THE COMMUNITY, BUSINESS AND
PERSONAL SERVICES

Classification	No. of Establishments
Education and Related Services	2
Other Health Services ^a	4
Welfare Organizations	4
Religious Organizations	3
Labor Organizations and Trade Associations	4
Other Organizations, Clubs, and Societies	5

^aThe "Other Health Services" include three dental laboratories with treatment, repair, etc. services for the public and one optometrist.

As the distance from the peak-value intersection increases there are many important changes in the number and composition of the establishments in each block.¹ Figure

¹The peak-value intersection in Calgary's CBD is Eighth Avenue and First Street West, as delimited by Saarinen. This

3-1 shows that the number of establishments per block decreases very rapidly away from the center of the CBD.

This decline is not uniform throughout for all of the various business types, however, since some particular kinds of establishments are found near the center of the CBD but do not appear in the outer shells or zones.

Explicit in the following analysis of the spatial or horizontal variation of the non-residential establishments in the study area is the relationship between land values and intensity of land use. The urban gradient concept employed here assumes that land values will vary inversely with distance from the center of the city, and that land values are intercorrelated directly with intensity of land use. In the analysis of the spatial pattern of the establishments, the very rapid fall-off in the number of businesses and other concerns is a reflection of a very steep land value surface. This gradient appears to be particularly steep as the boundary of the hard core is passed.¹

corresponds to the intersection where the average, front-foot lot value is highest. The retail center of gravity is also very close to the peak-value intersection, falling slightly west of First Street West, between Seventh and Eighth Avenues (Saarinen, *op. cit.*, p. 42). In Calgary the peak-value intersection is also the intersection of maximum pedestrian concentration (Future of Downtown Calgary, *op. cit.*, p. 40).

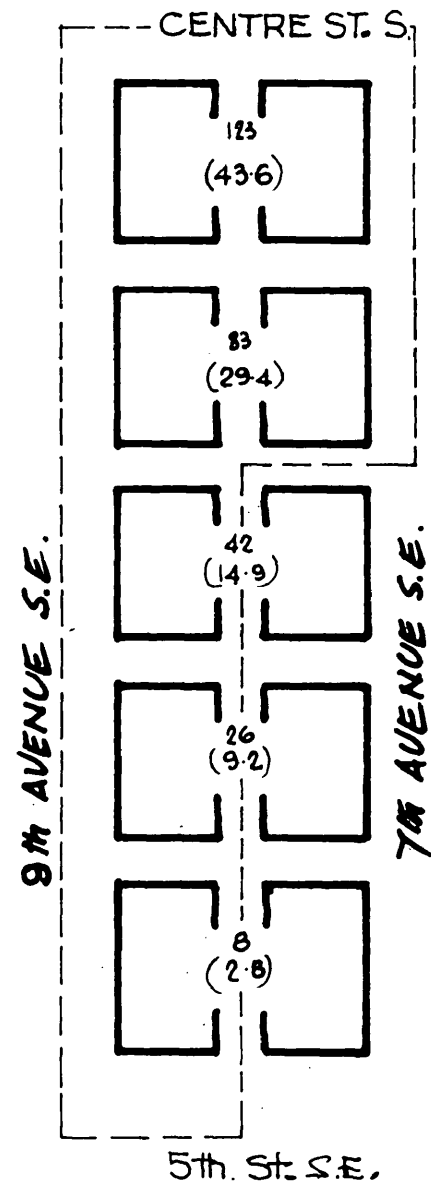
¹For a discussion of the relationship between land values and land use pattern see: F. Stuart Chapin, Jr., Urban Land Use Planning (Urbana: University of Illinois Press, 1965), pp. 8-13.

FIGURE No 3-1

DISTRIBUTION OF ESTABLISHMENTS
BY DISTANCE ZONES.

()s indicate percentages
----- study area boundary

↑ direction of peak value
intersection.



In Figure 3-1, above, and in the series of figures that follow in the discussion of distance zones, establishments in the three blocks east of Second Street S.E. on the north side of Eighth Avenue were included so that each zone or shell would consist of two blocks and thus could be compared with each of the other zones. As noted in Chapter One, the shape of the study area is not related to any distinguishable phenomena but is essentially an administrative boundary. In the following figure (3-2), the spatial variation of establishments by industry type is indicated. It can be noted that over one-half of the concerns in the Manufacturing, Wholesale, and Public categories are located in the first zone. Although less than 50 percent of the establishments in the Community, Business, and Personal Services are in the first zone, there are more service establishments in this zone than there are in any of the others.

In the first and second zones, there is an equal number of establishments in each of the Retail and Finance groups. However, in the Finance group and also in the Public and Manufacturing categories, there are very few businesses in these groups beyond the second distance zone. There is only one concern in the Finance and Public groups and only 4 businesses, or 21 percent, of the total in Manufacturing. Of all the categories, the distribution of retail businesses appear to be the most widespread areally.

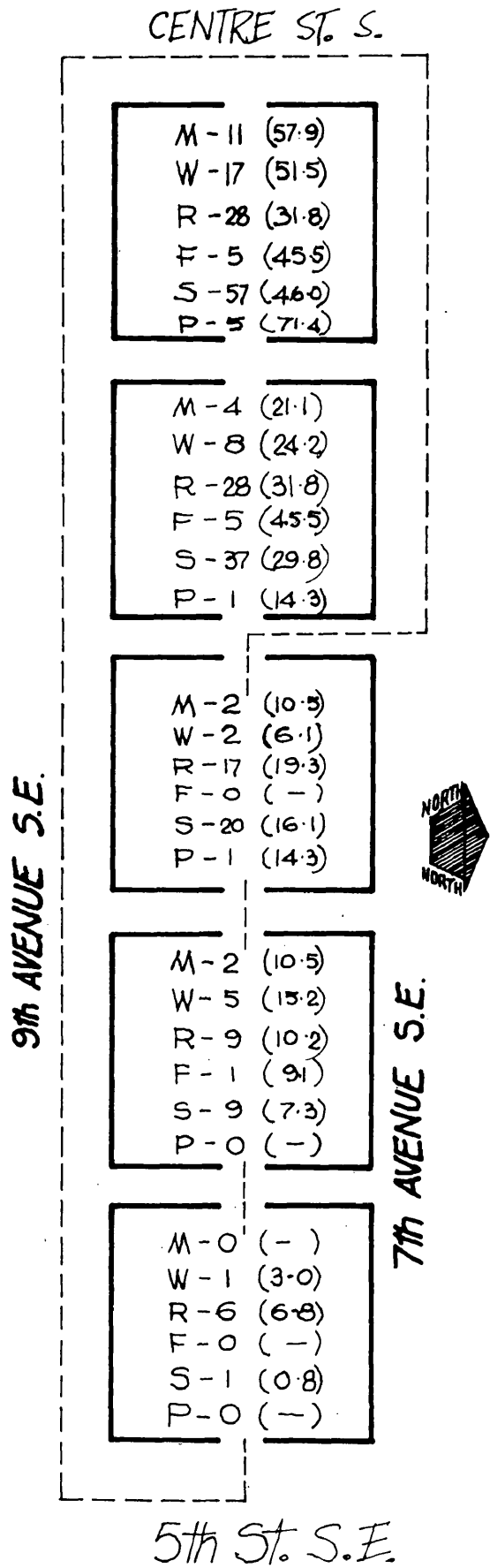
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FIGURE NO 3-2
NUMBER OF ESTABLISHMENTS BY
DISTANCE ZONES ACCORDING TO
INDUSTRY TYPES .

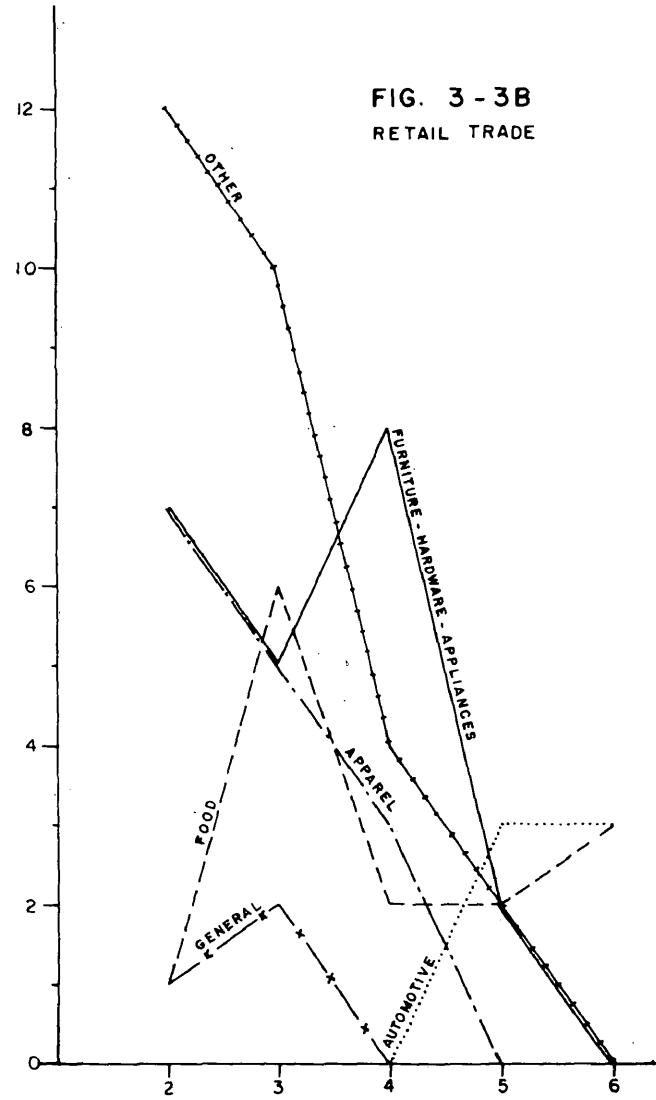
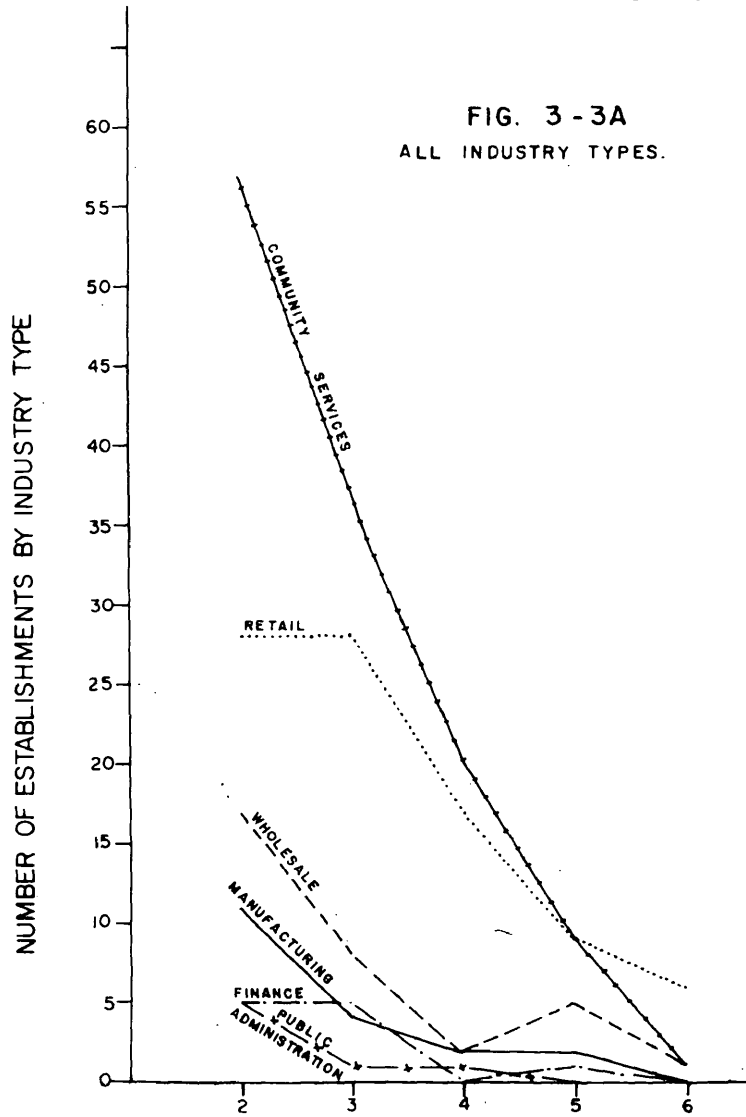
()'s indicates percentages
 ---- study area boundary

- M manufacturing, construction & transportation
- W wholesale trade
- R retail trade
- F finance, insurance & real estate
- S community, business and personal services.
- P public administration

† direction of peak value intersection.

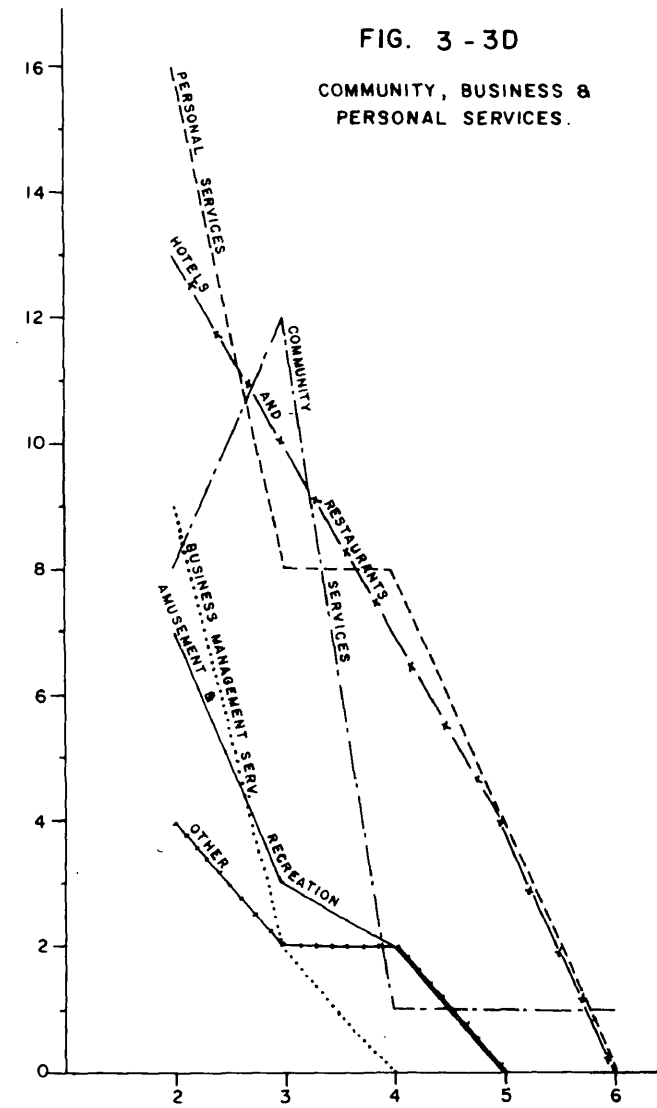
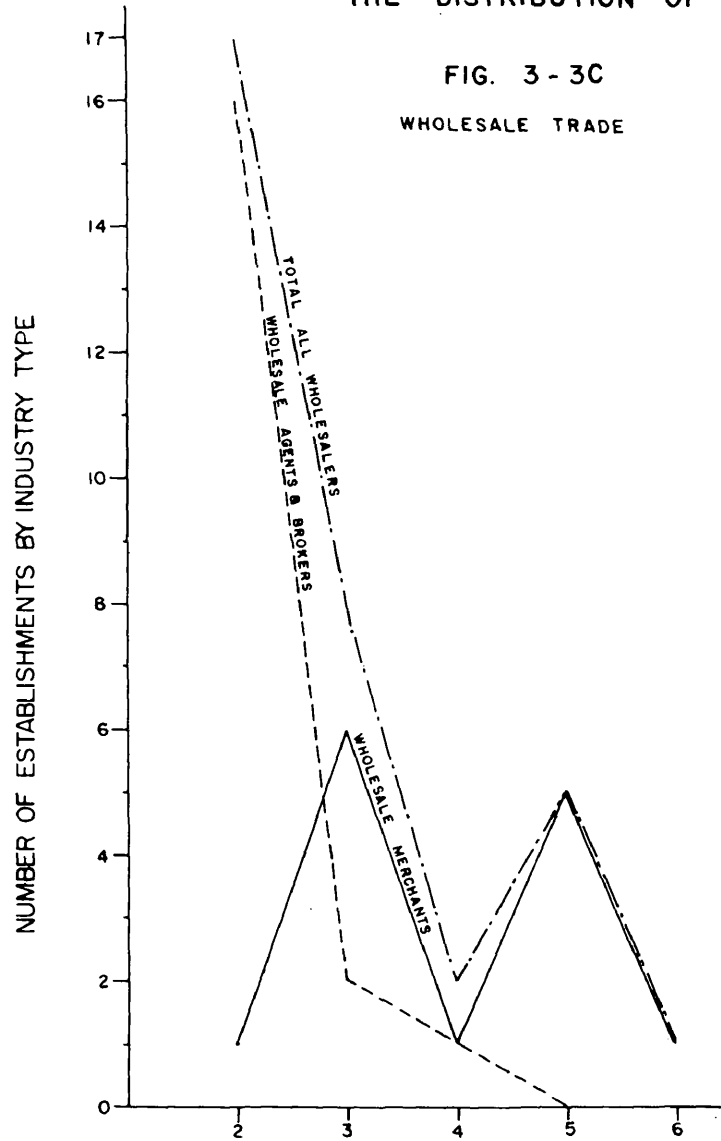


THE DISTRIBUTION OF INDUSTRY TYPES BY DISTANCE ZONES.



DISTANCE IN BLOCKS FROM "PEAK VALUE" INTERSECTION.

THE DISTRIBUTION OF INDUSTRY TYPES BY DISTANCE ZONES.



DISTANCE IN BLOCKS FROM "PEAK VALUE" INTERSECTION.

of establishments in the three largest categories is plotted against distance measured in blocks from the peak-value intersection.

Among the establishments in the Retail category, there is a pronounced decline with increasing distance from the center of the CBD in the number of apparel and shoe stores and in the miscellaneous one-of-a-kind business concerns. It is interesting to note that the number of hardware, furniture, and appliance stores shows a rapid decline in the first two distance zones, which is undoubtedly a reflection of the fall-off in the number of new furniture stores. However, in the blocks between 2nd and 3rd Streets S.E., there is a large concentration of the city's second-hand furniture and hardware stores, which is seen as a sharp rise in the fourth zone in Figure 3-3B.

The number of food stores is less in the inner than in any of the other zones. Similarly, there are no retail automotive outlets located in any of the three inner shells but these uses do appear in the zones near the periphery of the CBD. Three of the six retail automotive uses are service stations.

The differences in the location pattern of the two types of wholesale operations are shown quite well in Figure 3-3C. According to the census definitions, the differences between "wholesalers proper" and "agents and brokers" are as follows:

Wholesalers Proper -- Establishments that buy and sell on their own account. In addition they may

perform one or more of the following related functions: breaking bulk, providing delivery service to customers, operating warehouse facilities for storage of the goods they sell. Included in this category are wholesalers known as: drop shippers or desk jobbers, export merchants, import merchants, mail order wholesalers, voluntary group wholesalers, wagon distributors, wholesale merchants.

Agents and Brokers... establishments engaged in selling, on a commission basis, products owned by others. This type includes wholesalers commonly known as: Auction Companies, Brokers, Import Agents and Brokers, Manufacturers' Agents, Purchasing Agents and Resident Buyers, Selling Agents.¹

What seems to be a strong tendency for wholesale agents and brokers in this study to locate very close to the center of the CBD is in line with other findings. Mehta, for instance, has noted that the change in the number of wholesale agents and brokers in the central city of Providence R. I. has not been commensurate with its loss in share of population.

The lack of any corresponding change in the distribution pattern of "other operating types" of wholesaler establishments in reference to the changing distribution pattern of population in the state indicates that the nature of the activities carried on by these wholesalers is such that the importance of a central location is not significantly mitigated when a geographical dispersion of population takes place. Manufacturing enterprises still need to maintain sales branches and sales offices in the central city for wholesaling their products; agents, merchandise commodity brokers, and commission merchants must perforce maintain central city locations. These are wholesalers without stocks and they "tend to locate at points most accessible to buyers. Much of their

¹Canada, Dominion Bureau of Statistics, Standard Industrial Classification Manual (Ottawa: Queen's Printer, 1960), p. 53.

business may be conducted by telephone and mail. These establishments are concentrating more and more in office buildings adjacent to public transportation, hotel, and entertainment facilities."¹

Just as the proportion of wholesale agents and brokers declines with increasing distance from the center of the CBD, there is an increase in the proportion of wholesale merchants in the outer shells. Other things being equal, these merchant wholesalers will tend to seek locations as close as possible to the dense concentrations of their retailers in the center of the CBD. However, the special characteristics and requirements of the wholesale merchants, such as a ground floor location to facilitate transfer and delivery of stock, the small yield or returns relative to the need for considerable space for effective operations, and the handicap of congested traffic for bulky shipments close to the center of the CBD tend to preclude a concentration of wholesale merchants in the inner zones.

Unlike the Wholesale and Retail groups, the Community, Business, and Personal Services sub-categories show very little variation from a fairly steep and uniform decline with increasing distance from the peak-value intersection. Only the number of Community Service establishments is greater in the second than in the first zone. The Community Services undoubtedly wish to maximize centrality, but, like many of the merchant wholesalers, the lack of great enough

¹Mehta, op. cit., pp. 134 and 137.

revenue to pay the high cost of a central location relegates many of these uses to second class and marginal office space. In the Burns Building, for example, which is one of the oldest office buildings in the study area, there are several Community Services, including four labor and trade organizations. The propensity of the service trades to locate in or near the center of the CBD is not surprising, since the ability of most of these functions to operate viably is dependent in part on the presence of a large population to be served. The close association between size of the population and the number and specialization of service trades has been noted by Hawley.

Population increase influences both the diversification and the amount of service activity in the city. Each increase in size affords greater opportunity for specialization. In a small place many types of services can be provided only if they are dovetailed in one or a very few establishments. With increases in size of urban place the probability that there will be a continuous demand for any one service also increases. Jointly offered services separate and appear in individual units. In addition, growth in size permits the emergence of altogether new types of services. Hence the service structure is elaborated and made more complete with advances in city size. . . .

Likewise the volume of service activity, as represented in retailing and the sale of personal services, increases with size of city.¹

The concentration and specialization of the personal type of services and, to some extent, that of the hotel, restaurant, amusement, and recreational services, are

¹Amos H. Hawley, Human Ecology: A Theory of Community Structure (New York: Ronald Press, 1950), p. 379.

dependent upon a large population and thus are more numerous in the inner than in any other zone. The Business Services are also more important in the inner zone than elsewhere. In Chapter Two, it was noted that the locations of the accountants, consultants, and other similar types of Business Services are closely associated with the distribution of other business and service establishments. Population distribution and the location of business establishments are also closely related. Thus, since the location of the downtown is the most accessible point from all areas of the city, the CBD is able to attract a population of sufficient size to support a variety of service establishments which in turn foster other services necessary to business management.

Size

Whether judged by number of employees, floor area, or legal organization, most of the firms in the study area are small. Out of 247 establishments, 59 or 23.1 percent are literally one-man enterprises -- self-employed individuals who operate their own establishments without any assistance. Two establishments had no employees, including one gambling club and one office used only for storage. Two other private clubs that appear to have no employees could not be contacted and, therefore, appear in the "No Reply" category.

TABLE 7
ESTABLISHMENT SIZE BY NUMBER OF EMPLOYEES

Number of Employees	Number of Establishments	Percent of Total Establishments
0 to 1	61	24.7
2 to 4	108	43.7
5 to 7	28	11.3
8 to 10	16	6.5
11 to 13	7	2.8
14 to 16	9	3.6
17 to 19	6	2.4
20 to 22	4	1.6
23 to 25	4	1.6
Over 25	4	1.6
No Reply	4	---
Total	251	100.0 ^a

^arounding error

Establishments with four employees or less account for 68.4 percent of the total concerns. Four employees or less is cited here since it approximates the criterion of size used by Phillips, who defines small firms as those with not more than three paid employees.¹ Since the method of data collection used here includes enumeration of full-time owner-operators, spouses, partners, etc., the category of four or less, minus one for the owner-operator, etc. should approximate three paid employees. Unfortunately, this is

¹Joseph D. Phillips, Little Business in the American Economy (Urbana: University of Illinois Press, 1958), p. 18.

not always correct since five employees, including two working partners for example, would be excluded in this case. On the other hand, a limited company with four employees could conceivably include all employees and no owners.

This large proportion of small firms approximates national averages. In the U. S. in 1956, for example:

...slightly less than 1 percent of all firms had 100 or more employees; however, these larger firms accounted for nearly three-fifths of all paid employment. At the other end of the scale, firms with fewer than four employees represent some three-fourths of the firms but only about 6-1/2 percent of employment. Small firms comprise the bulk of the business population -- two-fifths have no employees at all -- and only one firm in 20 employs twenty or more.¹

The reader will note that the comparison here is with establishments and firms. An establishment, as defined by Rannells, is "Individuals or groups using a definite location as a recognizable place of business, residence, government or assembly."² Differentiating between the firm and its constituent parts, Rannells further notes that "the activities of a firm may be carried on in one place or in several, depending on its organization, and so may include a number of establishments."³ If justification for the comparison of firm and establishment size is required, it

¹Betty C. Churchill, "Size of Business Firms," Survey of Current Business (September, 1959), 14.

²John Rannells, The Core of the City (New York: Columbia University Press, 1956), p. 11.

³Ibid., 13.

should be noted that most of the concerns in the study area are single establishments. In other words, most of the activities of the firms in the area are housed under one roof and not separated into several establishments. When it is known that a particular firm or firms are more than single establishments and when it makes a difference in the interpretation of the data, these differences will be pointed out.

Based on a study of U. S. census returns for 1956, Churchill has made the following generalizations about industry divisions and average size of business firms.

The industry distributions of firms within size classes show that retail trade dominates in number among firms with 20 employees or less, and that manufacturing concerns are most numerous among firms above this size....Mining and transportation also account for a greater proportion in the larger size classes while the opposite is true for construction and services. Wholesale trade, on the other hand, attains its greatest relative importance among firms with 4 to 99 employees.¹

The findings of the present study with respect to employment by business types are not at all consistent with the characteristics stated above for the U. S. at large. Although the preponderance of large employers in manufacturing does probably exist, few of these large firms are likely to be found in the center of CBDs. Rather, it is typically the very small establishments located on upper floors that are

¹Churchill, op. cit., p. 15.

found close to the center of the downtown business district.

In the Wholesale category in the study area, the difference between wholesale merchants and agents and brokers continues to be a very important one. Compared with other major divisions in the study, mean employment per establishment in Wholesale Trade is the lowest of all categories; however, this figure obscures the fact that among the "wholesalers proper" employment per establishment is fairly high. Alternatively, average employment per establishment among the agents and brokers is the lowest of all of the sub-groups of establishments in this study. The small-sized establishments are accounted for by the manufacturers' representatives who carry a small representative sample stock, and thus both their space needs and employment needs are very small. Unlike the merchant wholesalers, the agents or brokers do not handle the goods they sell, since deliveries to retailers are factory shipments. On the other hand, the wholesale merchant not only stocks the goods he sells but must maintain employees to carry out inventories, shipping, receiving, and the like.

In the Retail category, there are several sub-types which have fairly high employment. For example, among the apparel, general merchandise, and the hardware and furniture stores the mean number of employees per establishment is greater than the study average of 5.0.¹

¹Excluding the Federal Public Building.

TABLE 8

INDUSTRIAL CLASSIFICATION BY NUMBER OF EMPLOYEES

Industrial Classification	Number of Employees	Number of Establishments	Mean Employees/Establishment	Median Employees/Establishment
Manufacturing, Construction and Transportation	81	17	4.8	3
Wholesale	133	33	4.0	2
a)merchants	98	14	7.0	6
b)brokers & agents	35	19	1.8	1
Retail	341	73	4.7	3
a)food	51	11	4.6	2
b)general merchandise	24	3	8.0	5
c)automotive products	15	4	3.8	4
d)apparel and shoe stores	85	10	8.5	3
e)hardware, furniture and appliances	85	16	5.3	4
f)other	81	29	2.8	2
Finance	53	10	5.3	2
Community, Business and Personal Services	583	108 ^a	5.4	3
a)amusement and recreation	25	8	3.1	2
b)business management services	33	11	3.0	3
c)personal services	95	31	3.1	1
d)hotels and restaurants	336	32	10.5	8.5
e)community services	73	20	3.6	2.5
f)other	21	6	3.5	1
Public Administration ^b	519 (51)	6 (5)	86.5 (10.2)	14 (14)

^a4 no reply

^bFigures in parentheses are totals excluding the Federal Public Building which has 468 employees.

Generally speaking, retail apparel stores are highly concentrated in downtown areas with a large proportion of purchases of inhabitants of the outlying areas occurring in the central city. Several of these larger apparel stores in Downtown Calgary are in the western portion of the study area.

As mentioned earlier in this study, there is a fairly high concentration of furniture stores, especially new furniture stores, in the first of the distance zones from the peak-value intersection. To a certain extent, the furniture stores are even much larger in terms of floor area than according to the criterion of employment. The concentration of location of the larger type of furniture store on the edge of CBDs has been noted by Hoyt.

The largest regional shopping centers do offer a complete selection of both fashion and convenience goods, but in these new centers, built at today's high costs, the most profitable lines are selected, leaving for the older stores, built at lower costs, the types of merchandise that have less rent-paying capacity. Thus, furniture stores, which require large areas for the display of sofas, beds, tables and chairs, etc., and have a low sales volume per square foot, occupy small areas in the new centers. These stores usually occupy older buildings on the fringe of the central business district.¹

Perhaps either these very large space needs or the pattern of concentration may be changing. According to separate discussions with two of the owners of large furniture

¹Homer Hoyt, "Classification and Significant Characteristics of Shopping Centers," in Mayer and Kohn, op. cit., p. 458.

stores, the future of furniture retailing may be in "representative stock selling" or in relocation to suburban locations.

Representative stock selling entails special order filling and permits either expansion of lines or reduction of space. Also, the warehouse can be split from the showroom and still be operated efficiently.

According to the other gentleman:

We are thinking about moving out of the downtown to some location like Macleod Trail which seems to get four times the traffic. The average person has a car today and you have to give them a decent store plus easy-access parking. At the present time with advertising we can pull our own business.¹

In the Finance, Insurance, and Real Estate division, the mean of 5.3 employees per establishment obscures the nature of the size relationship among the business concerns in this class. Of the four credit institutions, there are two chartered banks and one treasury branch with 19, 16, and 7 employees, respectively. Among the insurance and real estate agents and mortgage brokers, there are four concerns with only one employee and two with only two.

The category made up of the Community, Business, and Personal Services, has the second highest mean employment per establishment of all the divisions. However, a closer examination of the table reveals that employment in the

¹It is interesting to note that about 18 months later this firm did, in fact, relocate to the Macleod Trail (a strip commercial development). Thus, in this case, anyway, there was some accuracy to the findings of the interview survey.

various sub-classes is in fact quite low, with the exception of the hotel and restaurant group.

Among the hotels and restaurants are many of the largest employers in the study area. In the analysis of the sources of business in the latter part of this chapter, hotels are cited most frequently of all types of establishments. Among the eight licensed hotels, employment ranges from 25 to 15 employees per establishment. As to be expected, the only hotel in the study without a liquor outlet has considerably fewer employees, with only eight.

Restaurants and cafes are also fairly large employers in the study area. For example, out of a total of 21 concerns of this type, there are seven with 10 employees or more, including two with 25 and 20 employees per establishment. Many of these cafes and restaurants are of the cheaper variety, catering primarily to the men on Skid Row.

Within the Public Administration category, there are 468 employees, or 27.4 percent of the total employment of the area in the Federal Public Building alone. Even when the Federal Public Building is excluded, the mean and median number of employees per establishment is still the highest of any of the major divisions. Government agencies in the study with over 10 employees include the Canadian Forces Recruiting Center and the Provincial Apprenticeship and Industrial Relations Boards.

In terms of floor area, the smaller sized establishments

are again more numerous. In fact, there is a large number of firms occupying extremely small premises. Occupancy of premises less than 500 square feet accounts for 59, or 23.7 percent, of the total. Given the previous finding that the majority of the firms have few employees, it would be expected that the majority of the firms would occupy limited floor space. The exception, of course, would be automated industries where a few employees can handle operations occupying large areas. However, automated industries are not found in the area.

TABLE 9
ESTABLISHMENT SIZE BY FLOOR AREA

Floor Area (in square feet)	Number of Establishments	Percent of Total Establishments
Less than 500	59	23.7
500 to 999	37	14.9
1000 to 4999	102	41.0
5000 to 9999	27	10.8
10,000 to 14,999	10	4.0
15,000 to 19,999	3	1.2
20,000 to 24,999	3	1.2
25,000 to 29,999	2	0.8
30,000 to 34,999	2	0.8
35,000 and over	4	1.6
No reply	2	---
Total	251	100.0

One relationship among the variables of size, which at first may appear rather obvious, is the association between

number of employees and floor area. Rather than depending solely on cross-classification tables to indicate the nature of this relationship, co-variation between employment and floor area can be tested more rigorously by use of correlation-regression analysis.¹

In Table 10, it is evident that there is some association between the two variables, with floor area tending to vary directly with employment. In the correlation-regression analysis, the coefficient of correlation, r , is .85; that of the coefficient of determination r^2 equals .72. Thus, a fairly large amount of the variation in floor area is explained by variation in numbers of employees.

Even though the amount of explained variation is fairly high, one explanation of why it is not greater is due, in part, to the great variability among the establishments which are renting. When separate correlations are calculated for renters and for owner-occupied establishments there is a great deal of variation. For rented premises the coefficient of correlation, r , is .63; that of the coefficient of

¹In this regression equation and those that follow, no attempt is made to determine if the model is linear. In this application there is no real interest in finding the exact form of the prediction equation which best fits the data but only to obtain a measure for the degree of relationship regardless of its form. It is realized, of course, that if a non-linear relationship does exist, the product-moment coefficient will obviously underestimate the true degree of the relationship. For a discussion of regression and non-linearity see: Hubert M. Blalock, Jr., Social Statistics (New York: McGraw-Hill, 1960), pp. 311-17.

TABLE 10
EMPLOYMENT AND FLOOR AREA

Number of Employees	FLOOR AREA (in square feet)							
	Less than 500	500 - 999	1,000 - 4,999	5,000 - 9,999	10,000 - 14,999	15,000 - 19,999	20,000 - 24,999	25,000 and over
0 to 1	36	10	15					
2 to 4	20	23	52	10	3			
5 to 7	2	4	15	5	2			
8 to 10	1		7	4	3	1		
11 to 13			4	2	1			
14 to 16			5	2			1	1
17 to 19			2			1	2	1
20 to 22			1	1		1		1
23 to 25				2				2
Over 25					1			3
Total	59	37	101	26	10	3	3	8

determination, r^2 , is only .39. The coefficient of correlation, r , for owner-occupied establishments is .88; the coefficient of determination, r^2 , is equal to .77. The conclusion, therefore, is that there is a considerable amount of variation between employment and floor area among renters. Among owner-occupied establishments this relationship appears to be fairly constant.

It is also found that 118, or 47.8 percent, of the establishments in the study are sole proprietorships. In addition to the 118 sole proprietorships, 39 (or 15.8 percent) are partnerships, 66 (or 26.7 percent) are limited

companies, and the remaining 9.7 percent make up the "Other" or non-profit category.

TABLE 11
ESTABLISHMENT SIZE BY LEGAL ORGANIZATION

Legal Organization	Number of Establishments	Percent of Total Establishments
Sole-Proprietorship	118	47.8
Partnership	39	15.8
Limited Company	66	26.7
Other ^a	24	9.7
No Reply	4	--
Total	251	100.0

^aIncluding clubs, charitable organizations, labor groups, etc.

Each of the various types of legal organization has corresponding advantages and disadvantages. Briefly, they are as follows:

Individual ownership offers advantages over the corporate form in the way of fewer regulations, direct and full control of the business by the owner, and, in most cases, lower taxes. The capital available to a proprietorship, however, is limited by the funds the owner has saved or can borrow. Under the corporate form it is possible to draw on the capital of a number of different individuals who may or may not desire to participate directly in the operation of the enterprise and, also of great importance, the continuity of the business is safeguarded and the investor's liability is generally limited to the amount of his investment.

Partnerships resemble proprietorships in that they may be formed with relative ease and the business

is directly controlled by the owners. On the other hand, partnerships resemble the corporate form since they do facilitate the pooling of more than one individual's resources and although the liability extends to each owner's personal assets, risk is spread to some extent. In addition, the partnerships form usually makes available to the firm the working time and skills of each of the partners.¹

Probably the most outstanding characteristic of the sole-proprietorships, and, therefore, of small business, is the inextricable way in which the business affairs of the establishment are linked with the personal activities of the owners.

Klein and Margolis have noted that the nature of economic theory "...fails to account for the intertwining of household and firm behavior of those individuals who do not even have the legal structure of incorporation to separate their personal from their business activities."² Notwithstanding size, Phillips argues that this feature best distinguishes the small firm. This includes:

Absence of paid labor, or its limitation to an assistant or so; direct participation of the proprietor in the work process; lack of any specialization in management and superintendence by the proprietor; restriction of the expansion motive through inability of the proprietor to save and because of the primary concern with the production of a family subsistence.³

¹Betty C. Churchill, "Business Population by Legal Form of Organization," Survey of Current Business (December, 1955), 15-16.

²L. R. Klein and J. Margolis, "Statistical Studies of Unincorporated Business," The Review of Economics and Statistics (February, 1954), 33.

³Phillips, op. cit., p. 18.

Both in the literature and in the present study there is evidence of a fairly good association between number of employees and legal organization. In the area under study, almost 70 percent of the establishments with less than five employees are sole proprietorships. In the category of five employees and greater, however, the proportion of concerns individually owned is only 20.5 percent. On the other hand, as the size of the establishments increases, the proportion of limited companies varies directly. While only 16.8 percent of the establishments with less than five employees are limited companies, almost one-half of the concerns with five employees and more are corporate owned. As noted by Churchill, below, establishment size seems to have only a limited effect on the proportion of partnerships. Likewise, the "Other" category appears also to be only slightly affected.

TABLE 12
LEGAL ORGANIZATION AND EMPLOYMENT

Legal Organization	Number of Employees									
	0-1	2-4	5-7	8-10	11-13	14-16	17-19	20-22	23-25	Over 25
Sole-Proprietorship	47	55	6	6	1	1	1	1	-	-
Partnership	3	16	4	3	1	2	-	1	2	1
Limited Company	6	22	15	6	5	3	4	2	2	1
Other	3	15	3	1	-	3	1	-	-	2
Total	59	108	28	16	7	9	6	4	4	4

Of this relationship, Churchill writes:

Although sole proprietorships account for four-fifths of firms with fewer than 4 employees, the percentage falls off rapidly as size of firm increases; only about one-fourth of the firms with between 20 and 49 employees, and less than 4 percent of concerns with 100 or more employees, are individually owned. Corporations, on the other hand, take on greater importance as the size of firm increases. Corporations account for less than 4 percent of all concerns with fewer than 4 employees and more than four-fifths of the 100 or over group. Roughly equal proportions of proprietorships and corporations are found among firms with 8 to 19 employees.

Firm size has a comparatively moderate effect upon the proportion of firms operating as partnerships. This form of organization attains its greatest relative importance in the middle-size classes, accounting for one-fourth to one-fifth of all firms with 4 to 50 employees.

Table 13 sets out for the study area the type of legal ownership of the establishments by industry type. Of all of the groups, excluding government agencies, the only category in which sole-proprietorships are not the most numerous is Wholesale Trade. Many of the limited companies among the wholesalers are manufacturers' representatives for large national clothing firms.

These findings are, again, not altogether consistent with national averages. Churchill has again noted:

In January 1952, when corporations represented 13 percent of all firms in operation, one-third of all manufacturing firms were corporations. Also substantially above average were the corporate proportions in the finance, wholesale and mining divisions with percentages around a

¹Churchill, "Business Population by Legal Form of Organization," op. cit., p. 17.

TABLE 13

INDUSTRIAL CLASSIFICATION AND LEGAL ORGANIZATION

Industrial Classification	Sole Proprietor	Partnership	Limited Company	Other	Total
Manufacturing, Construction and Transportation	10	3	4	-	17
Wholesale Trade	13	2	18	-	33
Retail Trade	40	16	16	-	72 ^a
a) food	7	2	2	-	11
b) general merchandise	2	-	1	-	3
c) automotive products	4	-	-	-	4
d) apparel and shoe stores	5	4	1	-	10
e) hardware, furniture and appliances	3	6	6	-	15
f) other	19	4	6	-	29
Finance	4	1	4	1	10
Community, Business and Personal Services	52	17	24	17	110 ^b
a) amusement and recreation	5	3	1	1	10
b) business management services	5	2	4	-	11
c) personal services	21	2	6	1	30
d) hotels and restaurants	13	10	9	-	32
e) community services	5	-	2	15	22
f) other	3	-	2	-	5
Public Administration	-	-	-	6	6
Total	119	39	66	24	248

^aone no reply^btwo no reply

fourth of the total. In each of the three industry divisions -- contract construction, retail trade and services -- corporations comprised less than a tenth of all firms in operation.¹

The major generalizations in the discussion of legal organization are that the trends are toward larger corporate-owned stores and increased sales in fewer outlets. Although the following reference was meant to apply only to retail marketing, the competitive advantages of large scale operations can be suggested for a wide variety of other business types.

...since 1941 there has been a tendency for the corporation to account for an increasing proportion of all retail stores and sales. Therefore, while the proprietorship is still by far the most common single type of retail outlet, it is losing its position in Canada's retailing structure.

Again, the major reasons for these trends can be inferred. There is in retailing a pervasive propensity to adopt the methods, and, therefore, the forms, of "big business." Applied to retailing, the formula is coming to require at least four ingredients: large families of outlets, professional managers, and the application of scientific management to the distribution process. The sole proprietorship seldom meets this prescription. It is typically a small store, with about one eighth of the annual sales of the incorporated outlet. It is usually unaffiliated, whereas the corporate store is usually associated with a larger chain of outlets. It is usually manned and managed by its owner, while the corporate form is run by employed "professional" administrators. Finally, it is less amenable to systems management, which is becoming the hallmark of successful marketing.²

¹Ibid., 15.

²M. S. Mayer and G. Snyder, Trends in Canadian Marketing

Tenure, Rentals, Floor Layout, and
Unexpired Term of Lease

In Table 14, it is to be noted that approximately three-quarters of the establishments are renting or leasing. The proportion of firms that are renting in any area will depend partly upon the presence of available rental space. In the western portion of the study area there are several old multi-storey commercial buildings where surplus space is available at economic rentals. The largest privately owned commercial building is occupied, for example, by a landlord and 26 tenants. In many instances, the owner is not present.

TABLE 14

TENURE

Tenure	Number of Establishments	Percent of Total Establishments
Renting	185	74.0
Not Renting	65	36.0
No Reply	1	--
Total	251	100.0

Tenure of the various establishments was determined according to the following criteria. When a firm rents the

plant facilities from a relative or from the president or a person closely associated with him, or when the building is rented from a holding company, that establishment is considered to be owned. It should also be noted that the public and quasi-public establishments which have free rent in public buildings are included in this category even though they are not technically owners.

In addition to the fact that the availability of floor area will have an important effect on the proportion of establishments that are renting, size should also be closely related.

TABLE 15
TENURE AND EMPLOYMENT

Tenure	Number of Employees								
	0-1	2-4	5-7	8-10	11-13	14-16	17-19	20-22	Over 22
Renting	55	88	21	10	3	3	-	2	1
Not Renting	6	20	7	6	4	6	6	2	7
Total	61	108	28	16	7	9	6	4	8

As the size of the establishments increase, so does the proportion of concerns owning their own premises. Out of the total number of establishments with less than five employees, 143 or 84.6 percent are renting. Even up to and including establishments with 10 employees or less, 174 or 81.7 percent are renters. Above the category of 10 employees

or less, however, there is a marked tendency to own. For example, 25 out of 34, or 73.5 percent, of establishments with more than 10 employees are owners of the premises that they occupy. In the overall study, 1070 out of a total of 1710 employees, or 62.6 percent of the working force, are in establishments that are not rented, which accounts for 26.0 percent of the total. Similarly, out of a total of 1,083,037 square feet of floor area, 725,348 square feet, or 67.0 percent is owner-occupied. Similar finds in commercial and industrial studies are well documented. In the city of Toronto, for example:

...there was a fairly even split between the number of firms occupying rented premises and those owning plants; this was true independently for each of manufacturing, wholesaling and service industries...However, the rate of ownership increased with the size of manufacturing firm and a majority of the floor space was in fact occupied by firms that owned their premises; these firms also employed a majority of the total working force.¹

The relationship between legal organization and tenure is indicated in Table 16. The large proportion of sole-proprietorships that are renting is consistent with the previous findings.

The greatest proportion of establishments which are not renting is in the "Other" category which includes several of the government and quasi-government agencies located in public buildings. Among the partnerships and limited

¹City of Toronto, Industrial Prospects in the City of Toronto (Toronto: City of Toronto Planning Board, 1965), p. 17.

companies, the proportions of establishments which are not renting in these categories are greater than the study average.

TABLE 16
TENURE AND LEGAL ORGANIZATION

Tenure	Sole Proprietorship		Partnership		Limited Company		Other	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Renting	102	85.7	24	61.5	44	66.7	14	58.3
Not Renting	17	14.3	15	38.5	22	33.3	10	41.7
Total	119	100.0	39	100.0	66	100.0	24	100.0

In terms of both rentals per month and rentals per square foot, the values are relatively low. Many of the rents in the lowest range of both tables (17 and 18) are exceedingly low by any standards.

TABLE 17
RENTALS PER MONTH

Rentals per Month (in dollars)	Number of Establishments	Percent of Total Establishments
Less than 50	27	14.8
50 to 99	56	30.8
100 to 199	48	26.4
200 to 299	24	13.2
300 to 399	10	5.5
400 to 499	4	2.2
500 to 599	7	3.8

TABLE 17 (Continued)

Rentals per Month (in dollars)	Number of Establishments	Percent of Total Establishments
600 to 699	2	1.1
700 to 799	1	0.5
800 to 899	-	-
900 to 999	2	1.1
1000 and over	1	0.5
No Reply	4	-
Not Renting	65	-
Total	251	100.0^a

^arounding error

TABLE 18
RENTALS PER SQUARE FOOT

Rentals per Sq. Ft. (in dollars)	Number of Establishments	Percent of Total Establishments
Less than .50	15	8.3
.50 to .99	36	20.0
1.00 to 1.49	34	18.9
1.50 to 1.99	39	21.7
2.00 to 2.49	28	15.6
2.50 to 2.99	6	3.3
3.00 to 3.49	11	6.1
3.50 to 3.99	2	1.1
4.00 to 4.49	4	2.2
4.50 to 4.99	2	1.1
5.00 and over	3	1.7
No Reply	6	-
Not Renting	65	-
Total	251	100.0

It can be noted, by reading down the columns in Table 20, that almost three-quarters of the premises are single floor operations. Enterprises carried out solely on the ground floor account for 40.2 percent of the total establishments. A further 29.1 and 3.2 percent, respectively, are operated either on a single upper floor or exclusively in the basement. Not only are there many advantages to maintaining a single floor operation, but, as we have already noted, the majority of the establishments occupy small floor areas and these small space needs can be accommodated easily in the area in view of a large surplus of vacant floor space, much of it subdivided into fractional office space.

In terms of rental and floor layout, it is apparent that the highest rentals per square foot are charged for ground floor locations. Even though the modal rental value is considerably higher for upper floor than for ground floor locations, the highest rental values for upper floors do not compare with the highest rentals for ground floor locations. It is interesting to note that there is a concentration of upper floor rental values in the \$1.50 to \$2.50 per square foot price range. In fact, about two-thirds of the establishments on a floor above ground that were renting were paying rentals within this range. All rentals for basement locations are less than one dollar per square foot.

TABLE 19
FLOOR LAYOUT AND RENTALS PER SQUARE FOOT

Floor Layout	Rentals per Square Foot (in dollars)								
	Less than .50	.50 - .99	1.00 - 1.49	1.50 - 1.99	2.00 - 2.49	2.50 - 2.99	3.00 - 3.49	3.50 - 3.99	4.00 and over
Basement	4	4							
Ground	4	14	13	9	8	4	10	2	9
Upper	3	8	11	25	18	2	1		
Basement & Ground	4	9	10	4	2				
Ground & Upper									
Basement, Ground & Upper		1							
More than 1 Upper				1					
Total	15	36	34	39	28	6	11	2	9

In addition to the differences in the distribution of establishments by distance zones away from the center of the CBD, there are also some major variations in the distribution of industry types by floor locations. In Table 20, it can be noted that ground floor locations are very important for Retail Trade, and somewhat less important for Community, Business, and Personal Services, although the proportion of establishments with ground floor locations is still greater than half of the total concerns.

In the Retail group there are only six out of a total

of 73 establishments which do not have a floor layout including the ground level. Of these six, five are magazine hawkers who carry out their business by phone; the other retail establishment is a jewelery repair shop.

The Services category includes all of the eight basement locations, of which three are billiard halls. On the ground floor are the majority of the Personal Services, the hotels and the restaurants. On the upper floors are located over 90 percent of the business management services and almost three-quarters of the Community Services.

In the Wholesale category the distinction between wholesale merchants and wholesale agents and brokers is again very obvious. While 12 out of 14 merchants are located on the ground floor, there is only one out of 19 agents and brokers there. In contrast, on the upper floors there are found 18 out of 19 agents and brokers and only two merchants.

In the Finance group, 40 percent have a ground floor location and 60 percent are located on a single floor above ground. Of the financial concerns on the ground floor, three are banking institutions and the other is a credit union. On the upper floors are found 3 real estate agents, one insurance agent, and two mortgage brokers.

Among the businesses in the Manufacturing, Construction and Transportation categories, there is a slightly greater proportion of concerns above ground. At an above

TABLE 20
FLOOR LOCATION BY INDUSTRY TYPE

Industrial Classification	Bsmt.	Ground	Bsmt & Ground	Ground & Upper	Bsmt., Ground & Upper	One Upper	More than 1 Upper
Manufacturing, Construction & Transportation	-	4	3	1	-	9	-
Wholesale	-	11	2	-	-	20	-
a)merchants	-	10	2	-	-	2	-
b)agents & brokers	-	1	-	-	-	18	-
Retail	-	36	21	-	10	6	-
Finance	-	2	2	-	-	6	-
Community, Business & Personal Services	8	44	15	1	11	30	3
a)amusement & recreation	4	2	1	-	1	2	-
b)business management services	-	-	1	-	-	9	1
c)personal services	2	25	1	-	1	2	-
d)hotels & restaurants	1	10	11	1	8	-	1
e)community services	-	5	-	-	1	15	1
f)other	1	2	1	-	-	2	-
Public Administration	-	3	-	-	1	2	-
Total	8	100	43	2	22	73	3

ground location there are two concerns in construction, five in manufacturing, and two associated with transportation. On the main floor there are five establishments in manufacturing and three associated with transportation, two of which are taxi dispatch offices.

The major generalization with respect to vertical variation is that the ground floor is the most accessible level for customers and/or members of the general public. As to be expected, the greatest proportion of Retail Trade establishments, Personal Services, hotels and restaurants, financial institutions, and merchant wholesalers is found there. Establishments which have limited personal contact or do most of their business by phone or mail or by personal canvas are usually found in locations above ground.

Of the 178 firms who are renting, 108 of these do not have a lease. The advantage of a lease for a tenant is the guarantee of tenure for a specified duration at a specific rental. With the apparent lack of competition for land and space in the area and in view of the large surplus of vacant space at both street level and above, many of the businessmen do not feel that a lease arrangement is necessary.

According to some of the landlords in the area, many of the tenants are too small to bother with and are, therefore, not pressed to enter such an arrangement. As we have already pointed out, however, according to the expropriation procedures in the Province of Alberta, a lease of reasonable

length is very important for the tenant who may be forced to vacate. Compensation due to forced relocation because of urban renewal is due only to owners and to tenants who have a leasehold interest.¹

TABLE 21
UNEXPIRED TERM OF LEASE

Unexpired Term of Lease (in years)	Number of Establishments	Percent of Total Establishments
No lease	108	60.7
Less than 1	11	6.2
1 to less than 2	10	5.6
2 to less than 3	16	9.0
3 to less than 4	8	4.5
4 to less than 5	9	5.0
5 and over	16	9.0
Total	178	100.0

Part of the explanation of why some concerns lease and others do not is again probably related to size. Thus, it is reasonable to expect that the unexpired length of lease will vary directly with establishment size (employment). Out of 173 concerns who are renting, 69, or 39.9 percent, of the establishments which have leases employ 342 (or 57 percent) of the labor force. When regressions are run with

¹Although there is no idea of the number, many of the establishments in the study area will have leases which contain "a condemnation clause." This clause will waive the tenant's claim to any payment in the event of condemnation.

unexpired term of lease and number of employees, the explanatory power of size, that is, the coefficient of determination, r^2 , is .67.

TABLE 22
UNEXPIRED TERM OF LEASE AND EMPLOYMENT

Unexpired Term of Lease (in years)	Number of Employees							
	0-1	2-4	5-7	8-10	11-13	14-16	17-19	Over 19
No lease	41	53	9	3				
Less than 1	4	6				1		
1 to less than 2	2	7		1				
2 to less than 3	3	9	3					
3 to less than 4	2	3	1	1	1			
4 to less than 5		2	2	1	2	1		1
5 and over		6	4	4		1		1
Total	52	86	19	10	3	3	-	2

Length of Occupancy and Previous Location

A relatively large proportion of the establishments have been at their present location for a considerable period of time. One hundred and two, or 41.8 percent, and 46, or 18.8 percent, have been at their present locations for at least 10 and 25 years, respectively.

In the survey area it is anticipated that the majority of concerns who have recently established themselves will be renting their premises. In other words, it is anticipated that the proportion of ownership will increase with length of occupancy.

TABLE 23
LENGTH OF OCCUPANCY

Length of Occupancy (in years)	Number of Establishments	Percent of Total Establishments
Less than 1	25	10.2
1 to less than 2	20	8.2
2 to less than 5	50	20.5
5 to less than 10	47	19.3
10 to less than 15	22	9.0
15 to less than 20	19	7.8
20 to less than 25	15	6.1
25 to less than 30	13	5.3
30 to less than 35	9	3.7
35 and over	24	9.8
No reply	7	---
Total	251	100.0 ^a

^arounding error

TABLE 24
LENGTH OF OCCUPANCY AND TENURE

Length of Occupancy (in years)	Number of Establishments	
	Renting	Not Renting
Less than 1	20	5
1 to less than 2	18	2
2 to less than 5	41	9
5 to less than 10	40	7
10 to less than 15	18	4
15 to less than 20	12	7
20 to less than 25	10	5
25 to less than 30	8	5
30 to less than 35	6	3
35 and over	8	16

Except for the extreme category of occupancy of 35 years and over, there is very little evidence of a tendency towards ownership with increasing length of occupancy. Perhaps revealing a better relationship with length of occupancy is establishment size. In Table 25, however, there appears to be very little, if any, association between these two variables. In the correlation-regression analysis the coefficient of correlation, r , is .15, that of the coefficient of determination, r^2 , is only .0225.

TABLE 25
LENGTH OF OCCUPANCY AND EMPLOYMENT

Length of Occupancy (in years)	Number of Employees							
	0-1	2-4	5-9	8-10	11-13	14-16	17-19	Over 20
Less than 1	7	10				1	1	3
1 to less than 2	6	7	3	2	2			
2 to less than 5	13	28	5	3				1
5 to less than 10	15	18	6	3	1	3		1
10 to less than 15	2	10	6		2	1	1	
15 to less than 20	4	7	2	3	1		1	1
20 to less than 25	1	9	1	1		2		1
25 to less than 30	3	5	2	1		1	1	
30 to less than 35	5	2	2					
35 and over	4	10	1	3	1		1	4
Total	60	106	28	16	7	8	5	11

When determining the previous location of the concerns in the study area, only those establishments that have been

in the area 25 years or less were included. Out of 197 concerns, 90 (or 45.7 percent) were being operated at their original location. A further 51 (or 25.9 percent) had relocated from within the same general area, while another 10.2 percent came from some other location in the downtown area. Those establishments which relocated from either elsewhere in Calgary or from outside of the city total only 9.6 and 8.6 percent, respectively.

TABLE 26

PREVIOUS LOCATION OF FIRMS WHICH HAVE BEEN
IN THE AREA 25 YEARS OR LESS

Previous Location	Number of Establishments	Percent of Total Establishments
Original Site	90	45.7
Same General Area	51	25.9
Elsewhere Downtown	20	10.2
Elsewhere Calgary	19	9.6
Elsewhere	17	8.6
No Reply	12	--
Over 25 Years Occupancy	42	--
Total	251	100.0

Replenishment of establishments in the study area has not generally been from outside the area but from a relatively large number of "birthplace" or new functions. It is also noted that within the area there is a considerable amount of movement of establishments from one location in the eastern portion of downtown to another. Thus, it appears that

for many of the establishments the present area performs an "incubator" or "seed-bed" function. Therefore, it appears that many of the establishments are either getting their start in this area or are spending their primary growth period here.

The pre-eminence of the downtown as a "birthplace" and "incubator" area for small businesses is well documented.

The presence of a large number of small plants in the survey areas confirms the pull the downtown has on them. In the central section of any region, small firms (usually newly established) can rent divided building space on short-term lease and can share in essential materials, facilities or services. They depend upon the "external economies" of the central section - the economies a firm can obtain by using facilities or services external to itself.

For example, a small firm cannot afford to purchase and operate a delivery truck or hire a full time specialist, or purchase seldom-used expensive machinery. If a small firm did undertake such financial responsibilities, its unit production costs would make it non-competitive with larger producers. Therefore, such plants usually hire outside establishments which specialize in one phase or another of the production process, in the hope of lowering operating costs and, in turn, unit production costs to a competitive level. These outside specialists tend to locate in the areas where their facilities and services are readily available to a large number of prospective clients.

Small plants also like to get materials easily and quickly, avoid stockpiling, and to hire employees easily on short notice or for brief periods to meet sudden fluctuations in their need for labor. All these external factors - space, facilities, services, materials and labor - are found in the dense downtown area. Consequently small plants, especially newly established firms, are attracted to the Area.

That is not to say that every small plant will succeed by these means to match its larger competitors'

unit costs. In many cases, the small or newly established firm, despite external economies, has a higher cost structure than its competitors and falls by the wayside. Nevertheless, a very important function of downtown is that of a "birthplace" and "incubator" for new firms.. Those that are successful in achieving competitively low unit production costs survive and grow, those that are not successful, disappear.¹

In Table 27, the previous locations of the establishments in the area are cross-classified by establishment size. In this relationship, previous location, which is a rough indicator of distance moved from a prior site, is related, although not closely, with establishment size measured by employment. Presumably, large establishments with more resources are able to choose from a greater number of possible destination areas, while small firms are limited to those within a relatively short distance from their original locations.

TABLE 27
EMPLOYMENT AND PREVIOUS LOCATION (DISTANCE MOVED)

Number of Employees	Original Site	Same General Area	Elsewhere Downtown	Elsewhere Calgary	Elsewhere
0 to 1	21	11	7	5	1
2 to 4	41	27	10	8	6
5 to 7	9	6	2	4	1
8 to 10	7	3	1	1	1
11 to 13	3	2			1
14 to 16	4	1			1
17 to 19					3

¹Industrial Prospects in the City of Toronto, op. cit., p. 25.

TABLE 27 (Continued)

Number of Employees	Original Site	Same General Area	Elsewhere Downtown	Elsewhere Calgary	Elsewhere
20 to 22	1			1	2
23 to 25	2				1
Over 25				1	
Total	88	50	20	20	17

Among the establishments which are at their original location or have moved to their present location from either the same area or from elsewhere downtown, the proportion of establishments with less than five employees is quite high, with 70.4, 76.0, and 85.0 percent, respectively. Even among establishments which have moved from elsewhere in Calgary the proportion of establishments with less than five employees is still rather high. Among the establishments where the previous location was outside Calgary, only 41.2 percent have less than five employees. Thus, there appears to be some relationship between distance moved and size.

Sex, Number of Relatives, and Age of Owner-Operator

In the study area, total employment including owner-operators, etc., is 1710. Of the total, males outnumber females by approximately 3 to 2. Many establishments employ only men (a total of 96 concerns), while those operated solely by women number only 17.

TABLE 28
SEX AND EMPLOYMENT

Number of Employees	Males	Females	Total
0- 1	51	8	59
2- 4	191	104	295
5- 9	104	56	160
8-10	78	61	139
11-13	44	37	81
14-16	88	46	134
17-19	73	34	107
20-22	50	33	83
23-25	64	34	98
Over 25	269	285	554
Total	1,012	698	1,710

Although the number of females employed by the smaller establishments is very low, the proportion does tend to vary directly with establishment size. In fact, in the largest category, females outnumber males by a ratio of 3 to 2. According to the analysis of employment by sex and industry types, there is a slightly larger number of females in the Finance and Public Administration categories. In both cases, this is presumably accounted for by the larger amount of routine clerical work in banking, income tax, etc. which is normally done by women.

In the Manufacturing and especially in the Wholesale group, there are considerably smaller proportions of female employees than in the other categories. As a matter of

fact, 60 percent of all of the wholesale businesses do not employ any women at all. This figure is especially high among the agents and brokers, since only 3 out of 19 concerns in this sub-group employ any women. In both the Retail Trade and Services industry classifications, the ratio is approximately the study average of 3 male employees to 2 females.

TABLE 29

INDUSTRIAL CLASSIFICATION AND EMPLOYMENT BY SEX
(Figures in parentheses indicate percent of establishments without any female employees)

Industrial Classification	Male Employees		Female Employees	
	Nos.	Percent	Nos.	Percent
Manufacturing, Construction, & Transportation	61	75.3	20	24.7 (47.0)
Wholesale Trade	106	79.7	27	20.3 (60.6)
a)merchants	75	76.5	23	23.5 (28.6)
b)agents and brokers	31	88.6	4	11.4 (84.2)
Retail Trade	214	62.8	127	37.2 (37.0)
Finance, Insurance and Real Estate	21	39.6	32	60.4 (40.0)
Community, Business, & Personal Services	355	60.9	228	39.1 (35.2)
Public Administration	255	49.1	264	50.9 (16.7)
Total	1012	59.2	698	40.8 (39.7)

Many of the sole-proprietorships and partnerships make use of relatives, either as partners or as unpaid labor. Unpaid labor usually includes the spouse/children of the owner. As has already been mentioned, limited paid employment and considerable reliance on family assistance, especially unpaid assistance, is typical of the small firm. It is interesting to note that over half of the partnerships in the study include relatives as either employees or as business partners.

TABLE 30

NUMBER OF SOLE-PROPRIETORSHIPS AND PARTNERSHIPS
EMPLOYING RELATIVES

Category	Number of Establishments Employing Relatives	Percent of Total Establishments
Sole-Proprietorship	30	25.4
Partnership	22	56.4
Total	52	33.1

Information on age was obtained only for owners of sole-proprietorships. In this study the average age of the owner-operators was found to be 53 years.

TABLE 31
AGE OF SOLE-PROPRIETORS

Age (in years)	Number of Establishments
Less than 25	1
25 to less than 35	6
35 to less than 45	20
45 to less than 55	32
55 to less than 65	34
65 to less than 75	14
75 and over	4

What appears to be a fairly high age in Calgary is supported by results of other studies elsewhere. Mayer and Goldstein, for example, have found similar age characteristics for business owners.

The road to business ownership tends to be fairly lengthy. For some, the desire to begin a business of their own is the outgrowth of the experience of working for others. (As the earlier discussion has shown, a very high proportion of the business owners had substantial previous experience in manual or white-collar occupations.) For others, even though the goal crystallizes early, the realization of the dream must wait upon the accumulation of the necessary capital and experience.

The age level of business owners is also influenced by quite a different factor: as later analysis indicates, many older persons resort to the opening of a business as an alternative to unemployment. Unable to find jobs, because of the unwillingness of many employers to hire older persons, they try to secure some income through self-employment. Considering all these factors, business owners tend to be older persons.¹

¹Kurt B. Mayer and Sidney Goldstein, The First Two Years:

Parking

Many of the establishments in the area are dependent upon easy access for both vehicles and pedestrians. Some concerns are dependent solely on customers whose access is by car or truck. In the study area, however, parking is not equally distributed, since over half of the establishments have no off-street parking facilities at all. Another 27.6 percent have less than 5 stalls. Establishments which have little or no parking must depend upon on-street parking or upon commercial parking lots. Some establishments in the study area benefit from a location adjacent to or close to a large open parking lot operated by a hotel or supermarket.

TABLE 32
OFF-STREET PARKING

Number of Parking Stalls	Number of Establishments	Percent of Total Establishments
None	136	56.0
1	31	12.8
2 to 4	36	14.8
5 to 9	20	8.2
10 to 14	4	1.6
15 to 19	4	1.6
20 to 24	4	1.6
Over 24	8	3.3
No Reply	8	---
Total	251	100.0 ^a

^arounding error

Advantages

In any study of the locational advantages of establishments in the downtown area, the factor of centrality is almost universally the most important site advantage. This emphasis on a central location appears to be due in part to the fact that many functions can be carried on more conveniently or profitably downtown than elsewhere.

TABLE 33
ADVANTAGES^a

Category	Number of Establishments
Central, downtown	73
Cheap rent, low overhead, own the building	58
Proximity of other businesses, institutions	47
Good parking, easy access, convenient, good transportation (public and private)	43
Known location, established, steady customers	39
Make a living, good business	25
Ground floor, walk-in trade, busy street, main street	23
Good building, adequate space	13
Close to special ethnic/religious groups, close to residents of the area	11
Miscellaneous	44

^aSince some establishments indicated up to 10 advantages and others gave only one or two, the replies in this table, as in the following tables on disadvantages and sources of business, are based on a maximum of three advantages, etc. per establishment. All duplications of the same advantage, etc. were discarded. Although the interviewees were not asked to rank the most important advantages, etc., it is assumed that those mentioned first would be the most important.

As has been noted elsewhere:

Many of the jobs in the central business district -- whether they be in manufacturing, in wholesaling, in retail trade, or in some office activity -- have a common quality. They are, on the whole, jobs whose dominant locational requirement is that they must be a part of a great cluster of economic activity. This requirement stems from an overriding need to communicate face-to-face with persons outside the firm; from a need to draw on short notice from a common pool of rentable space, labor, skilled subcontractors, or other such facilities outside the firm; and from a variety of other factors rooted in history.¹

For those establishments who have parking, parking is a very important advantage. As we have pointed out already, however, parking facilities in the area are not evenly distributed, and, as we shall see shortly, this is the most frequently noted disadvantage. In addition to possessing parking facilities, downtown is also at the convergence of the main thoroughfares in the urban pattern and the public transportation system, and thus the area is considered by many businessmen to be both a convenient distribution and collection point and also a relatively accessible point for members of the general public.

In the present study area there are several large generators of pedestrian traffic. Even though there is a rapid fall-off in pedestrian traffic to the east of the peak value intersection one block west of the boundary of the study area, there are still relatively large flows of pedestrians.

¹Hoover and Vernon, op. cit., pp. 10-11.

One of the avenues in the study area, Eighth Avenue, has traditionally been Calgary's main street. In addition, all the streets and avenues carry relatively high volumes of vehicle traffic. Thus, high volumes of traffic means good exposure for many of the concerns. A ground floor location which obviously increases this exposure is also indicated as a decided advantage.

Small establishments, which have been shown to be very numerous in the study, are usually obliged to share buildings with others and often must confine their search to downtown locations where fractional floor space is being offered for rent. In terms of rent, not only are the rentals competitive with other portions of the city, but as previously noted there is a considerable surplus of rental space which virtually insures that the small "birthplace" and "incubator" concerns can find surplus accommodation available at any time.

Many of the businesses have become well known in the study area and over a period of years have established a steady clientele in the process. This is usually termed "good-will," and it is these establishments, which profit from or come to rely on repetitive customers, that often suffer serious losses when forced to relocate, even if the new location is relatively close to the original site.

One very interesting advantage mentioned by 24 businessmen was connected with the opportunity of making a

living in the area. Much of what has been written on location theory has been related primarily to "least cost" and "maximum profit" questions, and in the area considered in this study many of the owners are undoubtedly seeking maximum money rewards. It must be understood, however, that in many cases the advantages of operating a business from a particular location are non-rational from a purely economic point of view. Rationality, however, can have different meanings and may make sense in terms of the personal needs of the owner.

According to the study of small firm growth and survival by Mayer and Goldstein, this is one of the very important characteristics of the owners opening small establishments:

The most striking fact is the small number of business owners who conform to the classical stereotype of the capitalistic entrepreneur as an individual who sets out deliberately to make a maximum profit from his business endeavor. In order to qualify for the traditional designation of an entrepreneur seeking maximum money rewards, a prospective business owner would have to make an attempt to isolate the most profitable opportunities by careful calculation of costs, sales volume, location, competition, and, above all, comparison of financial gains to be expected from self-employment with potential income from paid employment. The data show, however, that the overwhelming number of owners in the sample did not bother to make any such rational calculations and comparisons. Indeed, only 6 of the 81 business openings can be attributed primarily to a conscious desire to seek a maximum money reward.¹

Further:

The majority of the proprietors went into business for themselves for one of three reasons: (a) to

¹Mayer and Goldstein, op. cit., p. 29.

make a living through self-employment, many of them emphasizing the "independence" attributed to self-employment; (b) to escape from unemployment, actual or expected; (c) to build up a business either as supplementary current income or as a resource for the future. Only a very small number were capitalists in the traditional sense of hoping to accumulate substantial profits.¹

Disadvantages

The most frequently mentioned disadvantage in the area is the problem of parking and access. Many steps taken by the City of Calgary to move traffic on the streets, such as parking meters, one-way streets, and tow-away zones, have decreased the convenience of the area for certain businesses which depend either completely or in part on vehicle access and on-street parking. What sometimes appear to be subtle, unimportant changes in traffic patterns can have very serious effects on certain businesses. The owner-operator of a beauty parlor just outside the present study area cites the following example.

The biggest problem in this business is you don't get the housewives. There's no drop-in traffic like we used to have several years ago. Housewives who drive, like to go to the shopping centers parking meters should be 1-1/2 hours. . . . We used to be busier when we had parking on both sides of the street.

For many concerns whose clientele does not include the residents of the area or the frequenters of the beer parlors, the environment is not considered conducive to a

¹Ibid., 37.

TABLE 34
DISADVANTAGES

Category	Number of Establishments
Poor parking, poor access	97
Poor environment, poor end of town, rundown, dirty, dusty, incompatible uses	60
Decline of trade, too much competition, too far east, off the beaten track, decline of business establishments and resident population, no pedestrian traffic, no complementary businesses	47
Building deficiency	21
Poor loading and unloading	7
High overhead, high rent, high taxes	7
Miscellaneous	17

walk-in trade, especially when women customers and buyers are concerned.¹ The citing of a number of disadvantages will perhaps be illuminating.

Bums and rubbies; trouble in general; pimps and whores; Indians.

Girls don't like coming down into this end of town to work.

East end part of town; drunks lay down in the lobby and go to sleep.

This end of town has deteriorated and is not suitable for nice shopping.

District is rundown; rowdy.

¹It should be noted that there is a concentration of this kind of response in, or close to, Calgary's Skid Row. Calgary's Skid Row is localized around the intersection of Eighth Avenue and Second Street S.E., and extends no more than one block in each direction from this corner.

All these bums coming around here.

Lot of characters loitering around.

No walk-in trade because the area is shabby.

Slummy.

People are scared to come down here.

Tough end of town.

Indian element; drunk and disorderly.

Derelicts that run around.

Half-breeds and bums loaf in the hallway waiting for the bus.

For many of the businessmen, a combination of factors contributing to a declining demand is one of the most important disadvantages cited. Many of the underlying forces contributing to the decline of demand have been noted already in Chapter Two. To reiterate, these include an absolute decline in nearby residential population, a change in the socio-economic character of the residents, and a decline in the absolute number of businesses and other establishments, all of which are contributing to reduced business volume in the area.

In addition to the objectionable characteristics of some of the residents and some of the businesses, many of the businessmen interviewed in the area indicated that there were problems with the condition of the premises including structural deficiencies, inadequate ventilation, poor heating, etc.

Sources of Business

In Table 35 the sources of business are listed which were cited either as a direct source of business or as a factor favorably affecting a particular concern. In the table, these sources of business are identified as being either a particular type of establishment, i.e., a linkage, or a particular segment of the population, i.e., rural, transient, etc.

It is not surprising, in view of the previous discussion of the advantages of centrality, that the most frequently cited source is "all-over" or "city-wide". The second most frequent source of business is rural trade, either from farmers and ranchers or from small towns in the Calgary region. In this regard it is noted that many of the specialized farm and ranch services are located in the eastern portion of the downtown area. Such outlets as farmers' cooperatives, farm implement dealers, food processors, creameries, hatcheries, clothing stores specializing in western gear, and saddle shops, to name a few, are found either in, or very close to, the present study area. The east-end of the downtown has a tradition in regard to the rural trade; for example, a hotel in the study area is often referred to as the "cowboy hotel".

There is some reason to believe that the rural trade in the area is declining. Many of the farm implement and

TABLE 35
LINKED AND DEMOGRAPHIC (NON-LINKED)
SOURCES OF BUSINESS^a

Demographic		Linked	
Category	Number of Establishments	Category	Number of Establishments
All over, city-wide	48	Hotels (Including beer parlors)	31
Rural, farm, ranch out-of-town, regional	34	Department stores and large independents	26
People living in area	17	Clothing and other specialty stores (jewelery, furniture, etc.)	20
Working men	15	Civic Complex	17
Special ethnic/religious groups	14	CPR	16
Tourists	7	Restaurants and coffee shops	9
Transients	6	Federal Public Building	8
		Wholesalers	8
		Chain food stores; Safeway, etc.	7
		Trucking and moving firms	6
		Oil companies and oil-field workers	6
		Institutions; hospitals, schools, churches, etc.	6
		Banks and near-banks	4

^a89 Miscellaneous sources

other farm and ranch services, as well as large regional Co-op shopping centers, are moving outward to the industrial and residential suburbs. To illustrate this point and also to illustrate some of the effects of population change, the comments of a 61 year old barber are noted in the following quotation.

Business used to be good here until they started building shopping centers. Used to be every farmer that came to town would end up on this corner. Used to be lots of kids living in the apartments around here, now its just older single people. As far as business is concerned, I'll still hang around, how long, I don't know.

Another important source of business for many establishments is from the residents of the area. Many of these residents are living on Calgary's Skid Row, and here are found the particular establishments which cater to the physical and spiritual needs of the homeless man. Transients should perhaps be included along with residents.

In the eastern portion of downtown Calgary a number of establishments cater to distinct national and religious groups. Support of these concerns is not entirely from the Hungarians, Germans, Italians, etc. who are living in the eastern portion of downtown but is again partly the result of the advantage of a central location. Since the various national groups are not concentrated in only one area of the city but are dispersed in several communities in the Northeast, East and Southeast, notably in Bridgeland,

Inglewood, and Victoria Park, downtown is undoubtedly the most convenient point of access from these areas. It should also be mentioned that these concerns also benefit from being part of a cluster of activity. To this extent, the location of an Italian bakery and an Italian supermarket on the same corner is not merely a coincidence. The ethnic and religious groups referred to in the preceding table are, respectively, the Indian-Metis and the Hutterites.

Another fairly frequently cited source of business is from working men. It was often noted by operators of clothing stores and other establishments which sold to the working man, that the best location for this business was not in the heart of the retail core but where rents are cheaper. This point is illustrated quite well in the following quotes from owners of several retail stores, including a number of new and used clothing concerns.

This business wouldn't be any good on 8th Avenue West.

We get a lot of cowboy and Indian trade that wouldn't go uptown.

In between clientele which is perfect for our line.

Best location for this type of business; people don't want to go to the west for work clothes and medium priced dress clothes and for army surplus.

Good location for this kind of business; you can't be uptown.

Serves a certain clientele that won't go to another area.

Farmers come into this area rather than go to another area.

The other sources of business among the concerns in the area illustrate the relationships between certain kinds of establishments. In this study these relationships between establishments are called linkages. The clusterings together of establishments mutually dependent upon one another are considered here as land use associations.

In this study an attempt is made to classify the various ways in which establishments are related. Rannells has provided a convenient framework for distinguishing several types of linkages that will be illustrated from examples in the study area.¹ These linkages, with a brief description, are as follows:

- (1) Competitive linkage: the same types of establishments competing for the same market;
- (2) Complementary linkage: different types of establishments which sell to the same market and although there is no interaction between the firms, the goods or services they produce are inter-related;
- (3) Commensal linkage: different types of establishments which are not necessarily related but are linked by a common location or the same supplier or the same market; and

¹Rannells, op. cit., pp. 29-32.

- (4) Ancillary linkage: different types of establishments where one of the concerns supplies services to the members of the other and although this linkage is important to the service establishment, it may seem inconsequential to the other.

In Table 35 the most frequently cited type of establishment is the hotel. In the study area there are nine hotels and all, save one, have liquor outlets. Thus, it appears that it is the beer parlors that generate the large amounts of customer traffic. As to be expected, it is the beer parlors, more than any other facility, that provide the focal point of Calgary's Skid Row. Each hotel usually has several attached smaller establishments, such as a restaurant and a barber shop located in a separate part of the building. The relationship between these types of establishments is a very good example of a commensal linkage in which all the concerns share the same location and depend upon the same market. The fact that hotels are well represented in the area and the extent to which they all sell the same services, etc. to the same market suggests that this type of linkage could be classified as a competitive one. Thus, to some extent this classification of Rannells' is not mutually exclusive.

The second-most-frequently cited type of establishment as a source of business is the department store. In studies

of land use associations in the CBD, the department store is usually considered the most important member.

There is, for example, the well known tendency of department stores to locate near each other. And there are recognized associations of stores which seem to occur repeatedly. Each department store, for instance, is likely to have its coterie of smaller stores -- clothing stores, drug stores, five and ten cent stores -- located close at hand. Not only do these stores all seek the same type of location, near the heart of the District where the pedestrian count is high, but they all profit by being available to the customers attracted by the others and particularly by the large department store, which is in any case the dominant member of the group.¹

The linkages between the establishments in the study area and the department stores have elements of several types of association. In many cases the linkages are competitive, i.e. many of the businesses sell the same products to the same market as the department store. On the other hand, in many cases the linkages are commensal since the products or services of the establishments in the study area are not related but both are dependent upon the same market. Many of the linkages with the department stores are complementary according to our definition. This is particularly relevant in regard to the relatively large number of clothing wholesalers for which the department stores are the largest accounts. In this case, the manufacturers' representatives with their various lines literally supply the "bits and pieces" of the retail clothing

¹Murphy, Vance, and Epstein, op. cit., p. 41.

industry.

Among the wholesale agents and brokers, other wholesalers are a frequently mentioned source of business. The extent to which many of the representatives share the same location could be interpreted as evidence of a commensal linkage. For these establishments which compete with each other for the same market, this type of association could also be considered as a competitive type. According to several of these businessmen, the close proximity of other agents and brokers is a very satisfactory arrangement since it is convenient for buyers, especially out-of-town buyers, who can "line-up" several appointments in the same building. This type of association among wholesalers, as well as several other pertinent points already discussed in this chapter, have been noted by Ratcliff.

In general, wholesalers prefer to locate as closely as possible to the group that they serve. In the marketing of style goods, convenience is of particular importance because of the frequency of contacts with the retailer. For other products considerable storage space is required because of the bulk of the commodity, the great variety of items stocked, or the fact that buyers insist on inspecting the specific goods that they purchase. In such cases, the amount of space required may preclude a central location. Wholesalers who sell from catalogues, by mail, by telephone, or through an outside sales force do not require sites near their customers. Dealers with a national market best serve visiting buyers at points convenient to railroad terminals, hotels, and amusement areas.

The advantage of a location near competitors varies with the scope of the market and the nature of the commodity. In general, the proximity of dealers in the same line is desirable where the

market to be served is regional or national, where shopping, comparison, and selection are important steps in the buying process, and where the function of price establishment is performed within the market formed by a cluster of wholesalers. Another advantage of the proximity of competitors is the opportunity such location affords for filling out orders when shortages occur in certain items.¹

Another important source of business for many of the establishments in the area is the Civic Complex. To a limited extent, the same type of relationship applies to the Federal Public Building. The Civic Complex, including the City Hall, and Civic Administration Building, the City Police Department and the Public Library, is a large generator of employment and also attracts a considerable amount of additional foot and vehicular traffic. These particular types of linkages appear to be ancillary and are comprised primarily of the service type of establishment. Within a short radius of the Civic Complex there is a number of establishments of the service type, some trying to capitalize on the use of the designation of City Hall etc. in the name of their establishment. Such businesses as the "City Hall Barber", "City Hall Cigar Store", "City Hall Shell Service", and "Civic Center Esso Service" depend to a large extent on the employees of the Civic Complex for much of their business. Another important business linkage is with the CPR (Canadian Pacific Railway). In many ways the relationship

¹Ratcliff, op. cit., p. 409.

between the CPR and the concerns in the area is ancillary and is similar to the situation with regard to the service establishments around the City Hall. Thus, for a certain number of restaurants, barber shops, clothing stores, etc. the employees of the CPR are an important source of business, even though there is no direct interaction between these establishments and the railroad.

Summary

Almost three-quarters of the establishments in the study area are either retail or community services. In terms of size, approximately 23 per cent of the concerns are operated entirely by the owner-operator. Another 68 percent of the concerns employ four employees or less. Among the small business firms there is a large proportion which are operated as sole-proprietorships or partnerships. Many of these partnerships and sole proprietorships make use of family members as unpaid help, which is another fairly general characteristic of small business.

Approximately three-quarters of the establishments in the area are renting; this includes most of the small-sized concerns that pay what seem to be modest rentals for relatively small premises. Many of the tenants do not have a lease arrangement with the landlord, even though a large proportion have been in the area for a considerable period of time (41.8 percent for at least 10 years). Many of the

businesses have either started at their present location or moved here from somewhere else in the area. These findings appear to support the observation that older areas typically provide "incubator"/"seed-bed" functions for new businesses and other types of establishments.

Many of the small establishments do not employ any females. It appears that female employment is directly related to establishment size and in the largest size categories, females, do in fact, outnumber males. This is presumably explained by the large amount of routine clerical work in banking and public administration that is normally done by women. In the study area the average age of the owner-operators is 53 years. This rather high figure is consistent with other studies. It appears that many of the elderly men are in business as an alternative to unemployment and not to maximize profits in the economic sense. This particular point is discussed again in the section on "Closures" in the following chapter.

The findings in this chapter provide an important basis for the consideration of the effect that redevelopment and relocation will have on the establishments in this study. Regardless of what the future effects of urban renewal may be, one would expect that the movements of the concerns out of this area will be determined to a great extent by the underlying forces of concentration and diffusion that have been identified in the preceding two chapters. For example,

given the fact that the proportion of establishments that own premises varies directly with employment, one can reasonably expect that only a very few small firms will acquire their own premises upon relocation, even if a large number of the small businessmen have indicated a desire to do so.

CHAPTER FOUR
SOME POSSIBLE OUTCOMES OF REDEVELOPMENT
AND RELOCATION

The purpose of this chapter is to assess some of the possible effects of redevelopment on the establishments presently in the urban renewal area. Of particular interest to geographers are the effects that redevelopment will have on the redistribution pattern of these concerns.

The bases for these projections include a fairly detailed knowledge of the present characteristics of the establishments derived from the previous analysis in Chapter Three. A basis for these projections is also derived from contemporary studies of the redistribution of non-residential establishments in other metropolitan areas. Much of the literature on location trends has already been cited extensively in Chapters Two and Three. An equally important source of information for these predictions, which are to be developed at some length in this chapter, is what the businessmen say they will actually do when it becomes necessary to move. One other important source of data that will be used is the several systematic studies of the effects of redevelopment and relocation on small businesses that have had to relocate from clearance zones.

According to the businessmen who were interviewed, the

possible destination areas are set out in Table 36. Approximately 28.3 percent of the respondents are undecided about their future location, while another 12.7 percent have decided to terminate their business rather than move.

Of the concerns that have tentatively selected their future location, by far the largest proportion will move to some other site in the downtown area. A fairly large proportion of the businesses, 35 (13.9 percent), has indicated an interest in relocating back into the same area after it has been redeveloped. Less than six percent of the total establishments plan to leave the downtown area.

There are no establishments planning to leave the city; thus, Calgary will not lose revenue to other locations as a result of renewal. There is a fairly small proportion of establishments for which this information on location preference is not available. These include the following concerns which were never contacted: one in Manufacturing, Construction, and Transportation, one in Retail Trade, one in Finance, Insurance and Real Estate, one in Public Administration and ten in Community, Business and Personal Services.

Closures

In Table 37, several characteristics of the establishments that will not re-establish following acquisition are indicated. As to be expected, the perpetuity of the establishments in the Public Administration category appears to

TABLE 36
AREA PREFERENCE

Area Preference	Number of Establishments	Percent of Total Establishments
Will Quit	32	12.7
Same Area	35	13.9
Elsewhere Downtown	83	33.1
Elsewhere Calgary	16	6.4
Elsewhere	--	--
Undecided	71	28.3
No Reply	14	5.6
Total	251	100.0

be affected very little by either urban renewal or by the problems of small business growth and survival. As far as relocation is concerned, it seems logical that of all the concerns in the study, these public agencies should be the least affected since none of these establishments is dependent upon the area in which it is located and since accommodation for these agencies will undoubtedly be found in new or existing government offices throughout the city. Stated another way, these agencies should be affected very little by relocation and subsequent business disturbance from loss of contact with clients or customers.

The small number of businessmen in the Wholesale category who will quit rather than relocate is an indication of a fairly viable group of business concerns. The only individual in this group who does not plan to relocate admitted

TABLE 37

SELECTED CHARACTERISTICS OF ESTABLISHMENTS IN THE STUDY AREA THAT DO NOT PLAN TO RELOCATE

Industrial Classification	Nos. & Percent of Total Establishments		Total & Mean Employment/ Establishment		Tenure Own Rent		Legal Sole Proprietorship - Other		Mean Age of Owner-Operator ^a
	No.	Percent	Total	Mean	Own	Rent	Legal	Sole	
Manufacturing, Construction, and Transportation	4	23.5	9	2.2	-	4	3	1	69.0
Wholesale Trade	1	3.0	1	1.0	1	-	1	-	64.0
Retail Trade	8	10.9	13	1.6	3	5	6	2	54.5
Finance, Insurance, & Real Estate	1	10.0	1	1.0	-	1	1	-	82.0
Community, Business, and Personal Serv.	18	16.1	108	6.0	6	12	12	6	58.9
Public Administration	-	-	-	-	-	-	-	-	-
Total	32	12.7	132	4.1	10	22	23	9	60.3

^afor sole proprietorships only.

to being semi-retired at the time of the interview. Apparently he had retired in 1962 and re-entered business in 1966. According to his own statement, "I'm just playing around in the business at the present time anyhow."

The individual in the Finance, Insurance, and Real Estate category who plans to quit rather than relocate is 82 years old. Although he did not mention whether or not he was semi-retired at the present time, part of his work day appears to include several games of cribbage; at least this was the situation on two occasions when the author called at his business premises.

The part-time nature of many establishments that plan to discontinue operations as result of a redevelopment program has been noted by Kinnard and Malinowski.

Many of the elderly persons who are forced out of business are really part-time operators. To some of them the business is almost a hobby or an avocation. This can be terribly important in keeping up an interest in life after reaching retirement age, especially when the alternative may be old-age assistance. For this reason, the question of the social cost of such discontinuances cannot be superficially analyzed through numbers alone.¹

In the Manufacturing group, one of the owners, who was 68 years old, was in the midst of trying to sell his business and retire at the time of the interview. Two of the other sole-proprietors, who were 63 and 76 years old, indicated

¹William N. Kinnard, Jr. and Zenon S. Malinowski, The Impact of Dislocation from Urban Renewal Areas on Small Business (Storrs: University of Connecticut, 1960), p. 52.

that they had been at the same business location for 36 and 35 years, respectively.

The other establishment in this group which did not plan to relocate was a construction company that was paying 15 dollars per month rent for a small office in one of the very old and mostly vacant office buildings. The office, which they seldom used, seemed to suffice as a place for their phone, which was answered by a businesswoman in the adjacent office. Apparently, when it becomes necessary for this establishment to vacate they will not go out of business, but rather forego the luxury of an office for their phone.

In the Retail category, four of the establishments whose owners will not relocate are second-hand dealers, including two clothing, one hardware and one furniture store whose length of occupancy at their present premises was reported to range from 28 to 48 years. It is interesting to note in passing that the youngest of the proprietors says if he gets a good price he could semi-retire since he is a tailor by trade.¹

Three of these businessmen own the premises that they occupy, and it is typically this kind of owner-operator who is actually looking forward to the time when urban renewal will acquire his property. Located as they are in

¹This particular point is referred to again in the quote by Mayer and Goldstein on p. 145.

the center of the Skid Row area, it is very unlikely that these owners would find many ready customers for their businesses where they are now, and thus the possibility of their property being acquired for urban renewal offers a prospect for these individuals to leave their outmoded premises. Before urban renewal was proposed, the possibility of unloading some of the properties in the area must have appeared rather bleak.

One of the other establishments in the Retail group which indicated it would not relocate was represented by a bookie whose front was a newstand and who is no longer in business, at least not at this particular location. Also included was a retail clothing and yard goods store which specialized in importing and exporting parcels to Europe. At the time of the interview, the woman who was operating the business indicated that it would probably terminate because of the recent increase in foreign duties on Canadian goods entering Iron Curtain countries. Several months after this contact, the premises did in fact become vacant, and like many other business premises that become vacant in this area it has remained that way. The other two businesses include a retail paint store, whose owners apparently plan to liquidate within their lease period, and a service station, whose operator, at 40 years of age, plans to get out of the service station business.

In the Community, Business and Personal Services

category the concerns which will not re-establish include five cafes or restaurants, four barber shops and one beauty parlor, one billiard hall, one accountant, one dental lab, one dry cleaning establishment, three hotels, and one chartered club. It should be pointed out that two of the hotels and one cafe belong to the same owner. Similarly, two other cafes are also part of one firm.

The four barber shops and one beauty parlor which will not relocate are individually, rather than corporately, owned, and only one shop employs someone besides the owner. The ages of the owner-operators range from 61 to 79 years. The female beauty parlor operator is the youngest member of this group.

Two of the five coffee shop operations were operated solely by women. In one case, the 52-year-old owner-operator was considering quitting the business and going back to work for wages. The other woman, who was 32 years old, indicated that she might sell out next year. The hotel operators, like the owners of the second-hand stores, appear to be looking forward to the prospect of selling their property to make way for urban renewal. In fact, in each case representatives of these hotels have contacted the City of Calgary in this regard.

In this discussion of the closures there are a number of important generalizations to be noted; these include:

1. A small, but significant, number of establishments would probably not survive indefinitely even if

urban renewal does not become a reality.

2. Eligibility for condemnation awards is an important factor in the consideration of the future plans of many owners of real estate.
3. Advanced age of the owner-operator appears to be a serious relocation problem only when the business he operates is small and marginal rather than prosperous and well established.

It is important to note that a number of the establishments in the area would probably not survive, regardless of urban renewal. This is as would be expected if the original assumption is correct about the "seed-bed" or "incubator" function of the area. As a matter of fact, evidence gathered elsewhere suggests that a higher proportion of failures should be expected in these older areas.

Failures occurred both in growing and declining sectors of the Providence metropolitan area, but the failure rate was somewhat lower in the rapidly growing suburbs than in the declining central city and satellite communities. Within each community the survival rate was higher in newer shopping and residential areas than in the older business sections.¹

This is mentioned not to divert attention from the tremendous effects of redevelopment and relocation on these establishments, but to emphasize the fact that evaluation of claims of discontinuances due to forced relocation should make some allowance for this turnover that probably would have occurred anyway.

Owners of establishments who are entitled to condemnation

¹Mayer and Goldstein, op. cit., p. 157.

awards are in a much better position than those who are not. Since many of the owners are anticipating the time when they will be able to retire on their condemnation payments, they are generally much more receptive to this renewal project. These awards, which are made to owners of real estate and to tenants with a leasehold, would also be of great value to the many tenants without leases in alleviating the financial hardships of relocation.

Age is also a very important factor with regard to business survival.

This evaluation of business ownership as simply another way of making a living resulted in the higher casualty rate of the younger owners and the great persistence of the older ones. The younger men who were still in the earlier stage of their work life had greater chances of obtaining paid employment. . . older men do not readily find employment opportunities because of age discrimination. This explains why many older men went into business and why they continued as long as possible, even though the enterprise was not profitable.¹

Many elderly businessmen appear to be less willing to consider a new location; in other words, they are less mobile than younger businessmen similarly affected. Because of their age, lack of enthusiasm, and probably insufficient resources (due inevitably to a lack of adequate compensation for relocation from the renewal authority) to carry out the move, many of these businessmen will find retirement more expedient or more suitable. At the same time, there will

¹Ibid., 101-103.

be those elderly operators who will choose to try to relocate and undoubtedly some will fail. A few of the many problems faced by the elderly businessman are noted below.

The displaced businessman, moreover, feels the economic handicaps of age long before he reaches 65. Seniority requirements and the employer's costs of retirement and insurance programs hurt the older man's chances of becoming an employee. If he wishes to stay in business, he finds it difficult to finance the purchase of real estate and equipment because of short amortization schedules. Furthermore, his age makes him a poorer loan risk. Government's only effective alternative to relocating the elderly businessman successfully as a self-sustaining person - businessman or employee - is to give him public assistance.¹

Another factor which will determine the success of these establishments to withstand the disruptive effects of change is related to whether or not the concerns affected are successful, well established businesses. According to Kinnard, this particular fact is even more important than age of the owner-operator.

By no means all elderly businessmen represented a discontinuance or non-relocation problem. Many relocated successfully and some even did so easily with no complaint or special comment. These were typically owners or owner-operators of successful, well-established businesses, often operating under the corporate forms of organization. Among businesses that were able readily to relocate to withstand the pressures of transitional income losses, and to establish anew (or maintain) a good volume of activity, advanced age of owner-operators did not appear to be any deterrent.

In other words, the elderly businessman is a

¹Advisory Commission on Intergovernmental Relations, Relocation: Unequal Treatment of People and Businesses Displaced by Governments (Washington: Government Printing Office, 1965), p. 56.

serious relocation problem only when his business is small, he is an owner-operator, he depends upon the business for his livelihood (at whatever level), and the business in turn depends upon him for such success as it encounters. This is most likely to occur among small retail establishments, personal service firms, and small manufacturing establishments.¹

Area Preference

In Table 38, the relocation area preferences of businessmen in the area are tabulated according to industry type. This table does not include the "Closures" discussed in the preceding section.

Among the assortment of establishments in the Manufacturing, Construction, and Transportation category there is a relatively large proportion that will relocate elsewhere in the downtown area. This group, like the category itself, is made up of a variety of establishments including a tailor, a taxi stand, a uniform and dress manufacturer, a general printing establishment, a building contractor, and a dental lab. These six concerns are all small establishments that are presently renting and which plan to rent in the future. The future plans of these small firms which depend upon fractional floor area support the generalizations about the pull of downtown on small establishments.

¹William N. Kinnard, "Business Relocation Problems of the Elderly Caused by Forced Dislocation Under Public Improvement Programs," in Essays on the Problems Faced in the Relocation of Elderly Persons, University of Pennsylvania and National Association of Housing and Redevelopment Officials, June, 1963, pp. 145-6. (Mimeographed.)

Of the two manufacturing establishments that are thinking about moving outside the downtown, one is a steel fabricating concern employing 28 persons. The spokesman for this company at the time of the interview was thinking about a future site of approximately two acres in an outlying industrial area.

TABLE 38

RELOCATION AREA PREFERENCE BY INDUSTRY TYPE

Industrial Classification	No. of Establishments by Destination Area			
	Same General Area	Elsewhere Downtown	Elsewhere Calgary	Undecided or No Reply
Manufacturing, Construction, & Transportation	1	6	2	4
Wholesale Trade	2	23	4	3
Retail Trade	14	16	6	29
Finance, Insurance and Real Estate	4	2	-	3
Community, Business, & Personal Services	13	34	4	43
Public Administration	1	2	-	3
Total	35	83	16	85

In the Wholesale Trade category, the vast majority of the establishments intends to relocate elsewhere in the downtown area. This type of redistribution pattern is consistent not only with the analysis of the characteristics and requirements of these establishments given in the previous chapter but also with results of studies elsewhere of the trends in the location of wholesalers. In a recent paper on the location of wholesaling in Vancouver, several of the findings already discussed in this study are included:

Almost all of the garment wholesalers are located in the area on the north-eastern fringe of the central business district. One of these wholesalers expressed some interest in moving away from this district, but those who had moved outside this area have moved back, or would like to move back. Moreover, firms which have originally established outside this area have a desire to relocate in this centre. The garment wholesalers serve some large retailers and most of the smaller retailers in Vancouver and have a market area which includes most of British Columbia and, in some cases, other parts of Canada.

Some sales originate through salesmen and jobbers, but local and out-of-town buyers purchasing at the warehouse account for the largest portion of the sales volume. Though the lack of adequate parking facilities is a problem for this area, the above mentioned location is convenient for such customers, and the proximity of competitors facilitates shopping which is the custom of the trade.¹

Three of the four wholesalers that plan to move out of the downtown area are merchant wholesalers. A representative of one of these establishments, which has since relocated to an industrial area, had the following comment:

¹Bernard Ohert, "Warehousing Trends in Vancouver," Western Business, XXXIX (August, 1965), 40.

In the outlying area you can get more space with a loading dock at a cheaper price. We could relocate any place where there is truck access.

Two of the merchant wholesalers were interested in coming back into the area. The original urban renewal plan for the redevelopment of the Churchill Park Urban Renewal Area envisioned a retail and commercial service area in the eastern portion of the study area. As a matter of fact, the plan for the implementation of Scheme 1B contains the following provision.

Development occurring in the south half of Block 59 and in all of Block 58 is intended to accommodate businesses wishing to relocate from Action Area Central. Properties abutting 9th Avenue South-east will be developed with service commercial uses; while retail commercial uses will be developed in the north half of Block 58 in conjunction with existing local commercial businesses north of 8th Avenue.¹

At the time of the personal interviews, each individual was informed that he would have the opportunity to rent accommodation in the redeveloped area. It was explained, however, that in view of the quality of construction that was planned for this area, an amount of floor area comparable to what they have now would require a substantial increase in rentals. It should be noted that some of the concerns in the various categories that were interested in re-establishing in the same area include some small rather marginal establishments. In the Retail category, for

¹Implementation Plan 1B, op. cit., p. 64.

example, these included a surplus store, a second hand furniture store and a pawn shop. There is, of course, no reason why these small businesses should not have the opportunity to remain in the area, provided they are able to pay the relatively higher cost of new site rental. It may be that some of these small business owners are capable of benefiting from these improved circumstances.

There are more establishments in the Retail category that are interested in returning to the same area than there are in any other group. These include two drug stores, three furniture-appliance stores, three apparel stores and several other miscellaneous establishments.

What is very interesting about some of the firms in this category is that a few of the businessmen are rather indignant about the prospect of having their premises acquired for urban renewal. The notes made during the interviews contained the following two examples. In the first case, the owner of an apparel store reasoned that he had stuck it out in the east end for a good number of years when things were going downhill. With the redevelopment of the CPR property and with the prospect of urban renewal, he was not disposed to move now that the business situation was beginning to improve. In the second case, cited below, one of the partners of another retail store was also disturbed about what he considered to be the loss of his property rights.

Mr. _____ is steadfast in his conviction that the City of Calgary has no legal right to expropriate his property and give it to some other developer, if he intends to redevelop the property himself.

_____ says that they will go to court and retain the property to build on according to city specifications.

If redevelopment officials think that these are only isolated instances others can be mentioned. One retail merchant who was undecided about his future location, had the following comment to make.

It is an outrage to give away my property to a department store or shopping center. Some of us on this block have been talking and we're going to get together and hire the highest priced lawyer. . .

Among the 16 retail concerns that will relocate elsewhere downtown, there are four retail magazine sales establishments, four apparel stores, three furniture stores, and five miscellaneous concerns. The six retail establishments that are leaving downtown include two furniture stores and a boat shop (which are operated by the same firm), one T.V. repair shop, one auto body shop, and a sea food outlet which is moving its wholesale operation to the municipal airport since many of its incoming shipments of seafood come by air freight.

In the literature cited in Chapter Two and in the analysis of the establishments in the area, it was noted that certain types of Retail Trade were highly concentrated in the center of urban areas. These types included the apparel

and accessories stores, the furniture and appliance stores and the "other" retail stores group. Although the distribution of retail outlets has responded to a certain degree to changes in the distribution of population throughout metro areas, the result of this study, however, based on the analysis of the firms in the area and also based on the relocation area preferences indicated by the businessmen themselves, suggests that the downtown area will manage to retain a very large share of the retail concerns presently located in the study area.

In the Finance, Insurance, and Real Estate category, a relatively high proportion of the establishments are definitely interested in returning to the area after redevelopment. Three of these concerns include the two banks and the Provincial Treasury Branch. There is no doubt that these types of business will be relocated in the future urban renewal area since these are kinds of establishments that can afford the high cost of site rental. For this reason, banks are usually considered prime tenants in commercial centers. It can be noted in Table 38, that none of the establishments in the Finance group is planning to leave the downtown area.

Of the 112 Community, Business and Personal Services, there are 13 concerns interested in relocating back into the area after renewal. Some of these are very much like a few of the interested businesses in the Retail category. Here, for example, there are five barber shops, five

restaurants, one theatre, and two business management services. Four of the five barber shops are operated solely by the owner with no paid or unpaid help. Two of these barber shops are operated in hotels located on Skid Row. Attesting to the marginality of some of those businesses is the fact that one of the restaurants has since gone out of business.

The four establishments planning to relocate outside the downtown area include two hotels, one guitar teacher, and one billiard hall. Although these few businesses account for a very small percentage of the total number of establishments, the planned exodus of the two hotels to the suburbs raises an interesting point of speculation as to what will happen to the nine hotels presently in the study area. In the plan for Scheme 1B, there is a proposal for one major hotel. For some of the existing hotel owners it is difficult to comprehend relocating back into the area. One hotel owner, who is planning to relocate elsewhere in Calgary, is going to do so since he feels that he can not compete with big chain hotels. In the previous section it was noted that three of the nine hotels would not re-establish.

According to some of the hotel owners, present room trade is considered to be insufficient for all nine hotels. Similarly, beer trade is reported by several owners to be less now than before the dispersion of hotels to suburban locations. Among the questions which are not answered by

the provisions of the urban renewal plan or by redevelopment authorities are: What will happen to the existing room trade from farmers and transients that is concentrated among these cheaper hotels? Also, what will happen to Skid Row when the beer parlors and transient lodging are demolished in this area? This east-end of Downtown Calgary is the only area in the city with a concentration of cheaper hotels with licensed premises. The large hotel proposed in the urban renewal plan for the study area will not, of course, satisfactorily take the particular role played by the hotels presently in the study area.

Included among the 34 establishments which will relocate elsewhere downtown are 9 of the 31 personal services, 3 of the 10 amusement and recreational services, 5 of the 11 services to business management services, 3 of the 6 miscellaneous services, 11 of the 22 health and welfare organizations, but only 3 restaurants out of a total of 32 establishments in the restaurant and hotel category. The high proportion of community, health, and welfare establishments that will relocate elsewhere downtown is consistent with the emphasis that these establishments have placed on a central location. Limited revenue is probably the most important reason excluding most of the members of this sub-group from relocating back into the redeveloped area. The fairly high proportion of business management services that are also planning to relocate elsewhere downtown is consistent with the

previous findings in Chapter Three, where it was pointed out that these types of business are normally part of a large cluster of commercial activity close to the retail, wholesale, etc. concerns which foster the need for their specialized services.

In regard to the 9 out of 31 personal services, these should be added to the total of six and five establishments which will not relocate or which prefer to stay in the same general area, respectively. Thus, approximately one third of personal services are undecided about their future location. Along with the three amusement and recreational services that will locate elsewhere downtown, one concern proposes to remain in the same area, another plans to leave the downtown area, and one other business will not relocate. Therefore, in this category some 60 percent have some future plans, leaving 40 percent undecided.

The number of concerns in the restaurant and hotel group which have a definite destination area in mind includes only a small proportion of the total businesses presently in this category. Among the hotels, five will either relocate elsewhere in Calgary or not relocate at all, leaving four undecided. Likewise, there are still eight restaurants, coffee shops, etc. that are undecided about their future location. The large number of establishments which are undecided, particularly among the services, is discussed at length in the next section.

Little can be said about the Public Administration category except that all of the agencies will undoubtedly relocate successfully. At the time of the interviews, few of the office managers who were contacted knew for sure what would happen when it becomes necessary to relocate. Two of the properties, including the Federal Government Building and the Provincial Treasury Building, are not subject to expropriation and thus could remain in the redeveloped area.¹

The Undecided Category

Spokesmen for seventy-one establishments in the study area are either undecided about what they will do when it becomes necessary to move or don't at present know to where they will move if they choose to relocate. A large number of the businessmen did, however, indicate alternatives which they were considering or would consider. What this range can be is indicated in Table 39.

¹In the excitement immediately following the announcement of the proposed urban renewal scheme several of the quasi-public agencies in the Provincial Treasury Building were given their notice to vacate. One of these establishments relocated to another site within one block of their original location but in a second floor office. In the follow-up interview shortly after this move, the office manager indicated that the nature of the operation had changed considerably. Located on the second floor, they had lost almost all of their walk-in public contact. Since urban renewal has not moved as fast as some people had expected, the government premises which this gentleman was forced to vacate have remained standing, and in less than one year this establishment relocated back into their old quarters where they are apparently quite happy. This is one example of what will be many "prior move-outs". (For a further discussion of "prior move-outs", see p. 166, in this chapter.)

TABLE 39

DISTRIBUTION OF ESTABLISHMENTS IN THE UNCOMMITTED OR UNDECIDED CATEGORY ACCORDING TO POSSIBLE ALTERNATIVES

Future Alternatives or Preferences	Number of Establishments
Same Area or Elsewhere Downtown	11
Same Area or Elsewhere Calgary	3
Same Area or Will Quit	1
Elsewhere Downtown or Elsewhere Calgary	5
Elsewhere Downtown or Elsewhere	1
Elsewhere Downtown or Will Quit	3
Elsewhere Calgary or Will Quit	2
Elsewhere or Will Quit	1
Will Quit or Relocate Elsewhere (Not Specified)	6
Same Area, Elsewhere Downtown, or Elsewhere	1
Don't Know or Undecided	37

Among the future destination areas, the same area or elsewhere downtown was mentioned most frequently. The 11 concerns in this category include six retail and five service establishments.

The second most frequent combination mentioned was indicated by those businessmen who will either quit or relocate somewhere that was not specified at the time of the interview. These include a surplus store, a tailor, and four service establishments (including two restaurants), a dry cleaning establishment, and a gunsmith.

The third most numerous category is represented by those interested in either elsewhere downtown or elsewhere Calgary.

This group includes two retail concerns and three restaurants.

Among the group of establishments which were undecided, there are a number of interesting cases. Several of these vignettes are cited in this section in order to emphasize the nature of the problems confronting the owner-operators of establishments in the urban renewal area. It should be noted, that many of these examples are also duplicated by comparable situations in the other categories.

Some of the businessmen in the area appear to be pre-occupied only with continuing operation or maintaining business volume at a sufficient level, evidently regardless of location.

I will relocate anywhere where I can make a business, someplace where there are other businesses.

A Chinese proprietor of a small cafe also did not really seem to know what he will do except that he will find "someplace where there is a little bit of business."

Many of the businessmen in the area are acutely aware of the problem of having to relocate and the possibility of losing established customers. In fact, at the time of the interview, many of the owner-operators were more concerned about the loss of "good will" and business disturbance than anything else. In the first of four examples cited below, the owner-operator of a laundromat in the study area who could conveniently run this business and still have another full-time job, cited the following situation.

The only place for a laundromat business is downtown where there are old apartments which generally have no washing facilities. As far as I'm concerned there is no other spot in Calgary which is as good as this spot when you take everything into consideration. . . . There is no guarantee that a new location would be any good and that I wouldn't lose money. What compensation do I get from being forced from a good location? . . . I've had experience with a laundromat at _____ Avenue and _____ Street S.W. (suburbs) and business there was about 1/2 to 2/3 of what it is here with less equipment.

A comment from a barber who is also concerned about the possible loss of income from relocation is given in the following:

One thing I know, if you start again you have to work to catch up, to make the business. The business don't just come, you have to promote the business. . . . It would take perhaps a year, perhaps more, maybe you never make it.

Another barber, who had actually been forced to vacate his previous premises, and who suffered initial losses in business volume as a result, is cited:

I spent 22 years near the _____ Hotel and when I moved I handed out about 500 cards and even with the proximity to the old shop I still left behind 50 percent of my old customers, even guys whose hair I had cut for years. It took about one year to come back up to the same level of business.

The last example cited with regard to this particular aspect of relocation is that of the owner of a dry cleaning business who has no lease and who is in the situation of contemplating a less than optimistic future. Perhaps much of his dilemma is imagined; perhaps it is not.

The downtown dry cleaning business depends on fast service. This business is built up from the street and if I relocated few of these customers would be left. It doesn't matter where

I go it's going to cost me money. . . . I would get more for good will than for machinery or anything else. Relocating is nothing. People start up in the dry cleaning business with new equipment every day. I spent \$_____ for this business, I still have a bank loan but it'll be paid in 3 years, then I'd begin to get some gravy. Then the city comes along and I got nothing to sell -- and what have I got for 14 years?

The desire of many of the businessmen to relocate very close to their original site is illustrated by comments of several owners in this study. One retail merchant, for example, made the following interesting comment.

This end of town is where the people know me since 1934. I'm afraid I'd lose lots of my customers if I moved. It's very important that I stay very close to this location. . . . If I was to go somewhere else and I don't do well I might get out of it or if it was good I might think different about coming back. . . . Since I've built up the business I don't feel like leaving it.

This conscious desire to relocate close to the present site has been documented in other studies. Kinnard and Malinowski for example, write:

A large percentage of firms obtained space within one mile of their former quarters, and a substantial proportion within one-quarter mile. This is not accidental. Nor is it simply the result of availability of space in adjacent areas. Interviews with relocated businessmen in both Hartford and New Haven showed that many firms were actively seeking space as close to their old quarters as possible. Some felt this would minimize the disruption and costs of moving. Others simply thought that a downtown location was necessary because of its economic advantages.¹

A large number of businessmen, both in this category and in the others, was also preoccupied with the present

¹Kinnard and Malinowski, op. cit., pp. 35-36.

effects of urban renewal on their business and especially on the value of their property. Some businessmen who own their own premises are understandably very vague about the future. Some of the businessmen in this situation feel that they might have to wait a long time for urban renewal, and at the same time they cannot relocate now because they own the property which is difficult to sell or lease. Observations of the present effects of proposed urban renewal on businesses and on the value of property in the area have been made by several professional businessmen and should not be dismissed lightly. A Chartered Accountant in another category made the following assessment:

Urban renewal is hitting the businessmen in this area pretty hard. People are leaving and no one is going to come into the area and then have to leave in three years and start all over again somewhere else. That is the rental situation here (in this building) or anywhere else.

The manager of one of the banks in the area that has many customers among the businessmen that will be effected by urban renewal has raised some interesting questions:

What about businesses in this area who own? What assurances do they have that they will have an opportunity to go back in? The way it looks, you could be paying more than it is costing you now to stay in business in this area. Are the people already in the area going to have first refusal?

The last example is from the manager of a chain food store, who, like the bank manager, has many customers in the area, including many of the residents in the study area:

Right now, urban renewal is playing hell with the business. A lot of the residents are moving away. It would be an 8 to 10 percent decrease since last February or March.

The effects of proposed urban renewal during the period between the announcement of the intended plan and actual redevelopment are not well documented. However, Gans has noted that during this period of the Boston Westend Project, parts of the area deteriorated rapidly:

The eight-year interim period was taken up by the usual technical and political problems that make up the "Natural history" of a redevelopment project. However, owing to poor newspaper coverage and the West Enders' inability as well as unwillingness to understand the complex administrative process, many of the residents were convinced until the last minute that what they called "the steal" of their neighborhood would never go through. The less sanguine suffered greatly from the uncertainty as to whether the project would or would not go through, as did the landlords and the businessmen, who lost tenants and customers during this period. This is one of the hidden costs of redevelopment paid by the West Enders.¹

Some of the many problems experienced by the businessman during the interim period could possibly be eliminated by new legislation. For example, the businessman who is in a proposed urban renewal area cannot receive any compensation from the redevelopment agency or corporation until a scheme has been approved. During the period that the businessman is required to wait for official approval, his business volume will invariably decline as the area

¹Gans, op. cit., p. 17.

deteriorates. In one of the replies to the mailed questionnaire, the City of Toronto has indicated what new legislation they think is required in order to cope effectively with this problem.

On the matter of new legislation, in my opinion, the primary necessity is the authority to purchase by agreement in advance of Section 23B approval, and to raise debentures for this purpose.¹

The City of Toronto further outlines the specific problems of the businessman in an urban renewal area:

His problems stem firstly from the inability of the City to pay anything at all in compensation until a scheme has been approved for implementation under Section 23B of the National Housing Act. Thus, during the preparation of an urban renewal scheme, the businessman may be well aware that his property is intended to be expropriated in due course and may have no funds with which to obtain a suitable alternate property. Even if he has the funds, he is almost certain to suffer financial loss in buying or leasing then, because of a period of double overhead expenses, loss of interest on capital, etc., if he wishes to sell up and retire or take other employment, he is quite unable to find a private purchaser.

When a scheme has been prepared, and the funds are available for purchase, the businessman is often faced with difficulty in obtaining an alternate property, and effecting removal to a new location, in the relatively short time which there may be between approval of the scheme and the date possession is required for redevelopment. Further loss may occur where wholesale discounting for bulk buying becomes unavailable due to the imminent possibility of acquisition and a large unsold inventory situation.²

¹Letter from Mr. C. A. Hughes, Acting Commissioner, City of Toronto Development Department, Toronto, Ontario, January 31, 1968.

²Ibid.

The particular dilemma of the businessman who is caught up in an urban renewal scheme results often in a number of what have been called "prior move-outs". Any businessman who moves before the scheme is approved normally forfeits his rights to any compensation unless some other arrangements have been made. Because of the delays associated with the implementation of the scheme and the rapid down-grading of the area that ensues, many of the proprietors do in fact move out in this interim period. In many cases the owners will move out at any time that some suitable location is found at a reasonable rental. In some projects, the businessmen who finally move after the scheme has been approved experience difficulty in finding suitable and economic accommodation.

Location Requirements

The location requirements of the establishments that intend to relocate are set out in Table 40. These requirements are very similar to the location advantages discussed in Chapter Three, therefore, they are summarized only briefly here.

Among the concerns that hope to stay in the same area, location on a busy street with a ground floor location and good exposure are the most important requirements. Parking facilities and good access, good building and/or adequate space, and the proximity of other businesses and institutions

follow in importance in that order.

Those establishments which plan to relocate elsewhere downtown consider parking facilities and good access as the most important site or location requirements. A good building and/or adequate space, the proximity of other businesses, etc. and a central location within the downtown area also appear to be very important in the choice of a future location.

By far the most important site or location requirements of those concerns who will relocate elsewhere in Calgary are parking facilities and good access. It is interesting to note that only two of the establishments in this category (and in the study) plan intentionally to move closer to their residence when they acquire new premises. This is not in line with other findings. According to the study by Zimmer:

Movement to the suburbs seems to have been influenced by the place of residence of the owner. Our data showed that a substantial number of those who moved to the suburbs moved closer to home than they were prior to displacement. Persons who lived in the suburbs were more than five times as likely to move their business to the suburbs as were those who lived in the city. When viewed from a different perspective, we found that nearly nine out of ten owners who moved their business to the suburbs lived in the suburbs.¹

¹Basil G. Zimmer, Rebuilding Cities: The Effects of Displacement and Relocation on Small Business (Chicago: Quadrangle Books, 1964), p. 332.

TABLE 40
SITE REQUIREMENTS BY AREA PREFERENCE

Site and Building Requirements	Relocation Area Preference			
	Same Area	Elsewhere Downtown	Elsewhere Calgary	Undecided
Central, downtown	1	23	-	1
Cheap rent, low overhead	4	13	-	6
Known location	-	-	-	-
Make a living	-	-	-	1
Good parking, easy access	9	30	7	7
Proximity of other businesses	6	24	2	7
Show window, busy street good exposure, ground floor, walk-in trade	10	16	1	13
Good building, adequate space, elevator, etc.	8	26	1	8
Close to special ethnic groups	-	-	-	1
Loading zone	2	2	-	-
Close to home	-	-	2	-
Corner site	2	2	-	-
Miscellaneous	4	7	4	3

Among owners/operators of those businesses and other types of non-residential establishments who are undecided about where they will relocate, the important site requirements resemble those of concerns who plan to stay in the same area. Here, the most important future requirement is good exposure at ground level on a busy street. Other factors to be considered are the condition of the building and/or the amount of space available, parking and access, the proximity of other businesses, and the rental factor. It should be noted that a large proportion of the owners of

establishments who are undecided did not reply to this question, and, therefore, these particular findings may not be indicative of this group.

Building Requirements

Tenure Preference. In Chapter Three it was concluded that establishments in the area typically were tenants. What effects changes in relocation could have on tenancy status are indicated in Table 41. Out of the 163 concerns that plan to relocate and are presently renting, 110 will continue to rent, 49 are undecided, and only four intend to change from tenants to owners. The largest proportion of the establishments which are currently not renting are undecided about their future, including their tenure status. Fourteen of the concerns plan to become renters; these included a number of businesses that are thinking about leasing space in the area after it is redeveloped.

Only eight out of a total of 55 establishments do not plan to rent in the future. It should be pointed out that these include three quasi-public establishments who are getting free rent now and expect to get free rent in their new location.

The results of this survey suggest that those who are renting will continue to rent. There is an indication, however, that among those who are presently not renting there will be a sizeable change to rental status. These findings are again not consistent with those of Zimmer, who states:

TABLE 41

COMPARISON OF PRESENT TENURE AND FUTURE TENURE PREFERENCE

Present Tenure	Future Tenure Preference			Total
	Prefer to Rent	Prefer not to Rent	No Reply or Undecided	
Renting	110	4	49	163
Not-Renting	14	8	33	55
Total	124	12	82	218

The proportion of businesses owning the building occupied increased slightly with the move. Prior to displacement, 32 percent were owners but this increased to 38 percent after relocation. Even though there were considerable changes in tenure as a result of the move, a substantial majority had the same tenure at both locations. Three businesses out of four continued either to own or rent as they had done prior to displacement. Of the total number of relocated businesses, about one in four owned both before and after the move, while slightly more than half of the establishments occupied rented quarters at both locations. Less than 10 percent of the units moved from an owner-occupied structure to a rental, and for 15 percent of the relocated units, tenure changed from rent to own. Thus approximately one-fourth of the businesses changed tenure status with the move.¹

Floor Area. These data show that for all establishments together, slightly more space is desired at the new locations. According to Table 42, the space required at future locations will be higher for 31, lower for 5, and the same

¹Zimmer, op. cit., pp. 136-137.

for 114. One explanation for the estimated increase in the size of the premises is related to size. According to Zimmer:

It is apparent that a majority of all-sized businesses moved to larger quarters than they had occupied prior to displacement; however, the proportion that did so increases with size of business. On the other hand, a substantial minority, that is, from one-fourth to one-fifth of all businesses in each size class, moved to a building with less space. Small and medium-sized businesses were more likely than large businesses to move to the same amount of space as previously occupied, but in each size group such a move was made by less than one unit in five. Most of the businesses increased their space with the move.¹

TABLE 42

EXISTING AND FUTURE FLOOR AREA REQUIREMENTS

Existing Floor Area (in square feet)	Future Floor Area Requirements (in square feet)						Total
	Less than 500	500 to 999	1000 to 4999	5000 to 9999	10000 to 14999	15000 and over	
Less than 500	30	10	1				41
500 to 999	1	19	6	1			27
1000 to 4999		1	52	5			58
5000 to 9999		1		10	4		15
10000 to 14999			1	1	3	2	7
15000 and over						2	2
Total	31	31	60	17	7	4	150

For the 82 establishments for which present and anticipated future rentals and floor area were obtained, the

¹Ibid., 263-64.

largest category included those who plan to increase both their present floor area and rentals per month. Another relatively large number of establishments anticipates an increase over present site rentals for the same amount of floor area. Fifteen establishments, as noted in Table 43 plan to pay the same monthly rental for an equivalent amount of floor space.

There are 14 concerns in this survey that hope to improve their present rental situation in the future by either obtaining more space at the same or less rental or the same amount of floor area for less rent. This particular relationship between perceived floor area requirements and rental limits is noted by Kinnard and Malinowski:

Dislocated businessmen generally want larger quarters as near the old area as possible at rentals approximately equivalent to what they are currently paying.

Dislocated businessmen almost invariably relocate in the same city. Approximately 75 percent of those who do relocate find quarters within one mile of their former location; and nearly 40 percent within one-quarter mile. They generally occupy about the same floor area they did before (which is less than they claimed to want or need), at a square foot rental at least double what they were paying (which is much more than they claimed to be able to afford or to be willing to pay).¹

One of the most important consequences of relocation is its effect on the relationship between site rentals and sales (or revenue).

¹Kinnard and Malinowski, op. cit., p. 75.

TABLE 43

ANTICIPATED CHANGE IN THE RELATIONSHIP BETWEEN
FLOOR AREA AND RENTALS PER MONTH

Category	Number of Establishments
Increase in rentals, same space	21
Increase in rentals, less space	4
Increase in rentals, more space	26
Same rentals, same space	15
Same rentals, less space	2
Same rentals, more space	9
Decrease in rentals, same space	2
Decrease in rentals, less space	-
Decrease in rentals, more space	3

A point particularly worthy of note is that the relative rent burden exceeded the absolute increase, since sales declined after the move. Rent, as a per cent of sales, increased by 24 percent. The increased burden varied markedly by a number of sub-groups. Service units in particular carried a heavy rent burden in relation to sales even prior to the move, but at the new location the burden increased and the differential was more marked. Similarly, the small units and those serving predominantly neighborhood markets carried a disproportionately heavy rent burden at both locations. These units also showed above-average percent increases following the move. Again this was due in large part to the type of areas from which they had been displaced. At both locations, their median rent levels were much lower than for businesses in other sub-groups, but the proportionate increase in rentals following the move exceeded the older sub-categories. While rents increased, median sales declined at the new location, thus placing an increased rent burden on these units. In most other sub-categories, rents also increased and sales declined, but the proportionate changes were less marked.¹

¹Zimmer, op. cit., pp. 338-39.

In Table 44 the floor location preferences are indicated; these need little elaboration. The concerns presently occupying only the basement floor do not intend to do the same in the future. Establishments that presently have a floor at ground level hope to have a similar layout in the future. About a quarter of the establishments above ground are interested in a ground floor location when they relocate. A large proportion of this category, however, is interested in maintaining a similar layout, provided there is elevator service. Of the total of 16 in this particular category, 10 are manufacturer's representatives.

TABLE 44

COMPARISON OF EXISTING FLOOR LOCATIONS AND
FUTURE FLOOR LAYOUT PREFERENCE

Present Floor Layout	Future Floor Layout Preference							
	Grnd Bsmt	Grnd and/ Grnd or Bsmt	Grnd and/ Upper	Any Floor Except Bsmt	Any Floor with Ele- vator	Any Floor	Other	
Basement		4	1				1	
Ground		56	1					
One Upper		9		2	4	16	9	5
Bsmt & Grnd	1	25	3				1	
Grnd & Upper								
Bsmt, Grnd, & Upper		5						1
More than 1 Upper		2					1	
Total	1	101	5	2	4	16	12	6

Summary

This chapter has considered some of the reactions of the owners and operators of establishments in the area to the urban renewal proposal. Many of the comments have been rather negative, especially those from businessmen who do not feel that they will be able to adapt to these changes without suffering severe economic losses. The establishments which will probably lose a considerable amount of their existing trade are the small retail and service establishments in particular. These include many of the small, often one-man, barber shops, clothing stores, dry cleaning establishments, etc. which rely on established or repeat customers for most of their trade.

Some of the owners in the area have no intention of relocating when it becomes necessary to do so. These include some of the elderly businessmen who consider it more expedient to retire than to make the effort to re-establish. Many of the owners of property expect to be able to retire on their condemnation awards. Some of the operators of establishments in the area will go out of business regardless of urban renewal. A few concerns of this sort have already terminated since the time of the interviews.

As far as the future distribution of the concerns in the area is concerned, it would appear that only a small proportion planning to relocate will leave the downtown area.

The reasons why a downtown location is preferred appear to be related to the concentration of day-time populations there and to the basic requirement, typical of firms in central areas, that they must be part of a large cluster of activity in order to function effectively. The small number of establishments that will probably relocate to the suburbs, do, however, appear to be larger concerns. Spokesmen for these establishments emphasized that parking is the most important site requirement.

One of the important outcomes that will occur as a result of relocation involves changes in the relationship between sales and floor area. Some of the owner-operators of establishments in the area appear to be somewhat optimistic about the size of the premises they expect to acquire and the rentals that they are willing to pay. Some proprietors expect to find more space or the same amount of space for an equivalent or lower rental. The results of several follow-up studies indicate, however, that many businesses that relocate end up with less space than they thought they needed at a considerably higher rental than they thought they could or were willing to pay.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS: SOME IMPLICATIONS FOR
URBAN RENEWAL PLANNING

There appears to be no conflict about the need for extensive government programs with respect to the treatment of the social, economic, and physical problems in metropolitan areas. Urban renewal, which is one program for the alleviation of these problems has, however, made very little progress. Judging from urban renewal experience in the United States, it appears that what has been done to date, even though limited in scope, has been particularly damaging to low-income site residents, including small businessmen, who have had to relocate from clearance sites.

The original urban renewal legislation provided the mechanism for slum clearance and subsidized public housing for the dispossessed site residents. The 1964 amendment to the National Housing Act, however, has shifted the emphasis of urban renewal from rehousing to downtown revitalization. As we have previously noted, the embodiment of the philosophy of urban renewal in Calgary is downtown revitalization with its emphasis on the alledged amenities and efficiency of a compact urban form. This new direction of the urban renewal program with its demanding requirements for an economic profit, has subordinated the rehousing and social

welfare aspect of the program. Because of underlying economic motivations, urban renewal sites are not chosen because of the social and economic problems found therein but in terms of whether the redevelopment of the sites will be potentially profitable. Thus, large areas which are potentially profitable have been condemned. These areas, like the area of the Boston West End Project, are not ghettos but are best described as areas of bargain housing for low-income groups. These "natural" areas offer a stable social system which provides solutions for special problems faced by their members. The elimination of these "institutions" has been particularly harmful to low-income residents who depend upon them for a variety of functions.

One important consideration discussed at some length in this study is the adequacy of present legislation with regard to the compensation that is paid to businesses displaced by public and federally assisted programs. Many critics feel that if the community, in the interest of progress, takes a man's business or livelihood, then the community should have an obligation to pay for it. The great majority of the businesses in the present study area are not entitled to compensation by law and, even though the City of Calgary has provided some assistance to short-term tenants who have been displaced in the original scheme area, many of the businessmen, as shown in Chapter Four, are very concerned about business disturbance and loss of

good will. This concern is particularly important in influencing the reactions of the site residents to the proposed scheme, many of which are rather negative.

Much of the growth in the eastern portion of downtown Calgary developed at a time when good connections with rail terminals were important. Changes in technology and the advent of trucking and the private automobile have decreased the tendency for certain groups to cluster at any given point. The motor vehicle, in particular, has facilitated the suburbanization of the consumer, and some types of establishments, such as retail stores, have followed the homes in their outward move. The redistribution of certain establishments has not been only the result of the need for more efficient distribution points, since certain types of establishments have moved to the more prestigious part of the downtown office and retail areas.

The major generalization with regard to the establishments that have remained downtown is that it is an advantage for these particular concerns to be part of a cluster of activity. These establishments, such as the wholesalers who are "selling-orientated", the financial concerns, the specialty retail stores, and the business management services, are typically those in which face-to-face confrontation and/or extensive comparative shopping are an important part of the business operation. Many public and quasi-public agencies also consider a central location an advantage since

it minimizes the time and cost of the communication process. External economies, that is, services available outside the firm and upon which many of the firms depend for their irregular needs at short notice, are also readily available.

Many of the establishments that have migrated to the suburbs have done so for several important reasons. Among the manufacturing concerns, the exodus to the suburbs has been primarily because of the need for larger industrial sites to accommodate modern, single floor industrial layouts. As we have already noted, the retail establishments have responded primarily to the suburban pattern of the consumer. One of the important changes in retail activity is the present emphasis on larger outlets. Larger retail outlets, which are appearing at a faster rate in the suburbs, appear to be replacing a large number of the smaller neighborhood and corner retail stores. The wholesalers who are primarily distributors, like industrial and retail firms, are also appearing at a faster rate in the suburbs where extensive modern warehouse buildings with more efficient layouts can be used effectively to cut costs.

There have been several changes related to these processes which can be observed at the empirical level. These include a decline of the population in the east-end of downtown Calgary from 4,417 persons in 1948 to 1,379 persons in 1966. Commensurate with this decline in the residential population there has been a very large decline in the number

of non-residential establishments, a decrease of 44 percent over an 11 year period. These declines in demand are made evident by a large pool of vacant floor space in the study area. The downgrading of the study area and the resulting characteristics are typical of what has been described as the "zone of discard".

In the study area there are several concentrations of certain types of establishments. These concentrations include approximately 30 percent of the city's wholesale agents and brokers, between eight and nine percent of the city's service establishments, and about four percent of the total retail uses. Among the service establishments, there is a relatively large proportion of the city's total amusement and recreation services, business management services, personal services, hotels, and restaurants. Among the retail establishments, there are concentrations of the city's furniture stores, apparel stores, and miscellaneous one-of-a-kind retail outlets found here. Although no comparison is available, there appears to be a large number of non-profit health, welfare, trade, and other types of clubs and organizations in the study area.

There is considerable variation in the spatial distribution of the establishments in the area. By employing the concept of a land value gradient, it was shown that there is not only a greater concentration of land uses close to the peak-value intersection but that certain types of

establishments were also closely associated with higher land values. Among the retail establishments there were more apparel and one-of-a-kind retail stores in the inner zone. On the other hand, retail automotive establishments, such as service stations, do not appear in the inner zones but are located in the outer shells. Food stores and furniture stores are concentrated primarily in the middle zones; presumably the food stores are located near the residences, which are concentrated not in the core but in the transitional zone. There are two concentrations of furniture stores. It would appear that new furniture stores are located in the inner zone, while there is a second and larger concentration in the middle zones which is represented by a large number of Calgary's used furniture as well as hardware and appliance stores.

The wholesale establishments, which include wholesale agents and brokers and merchant wholesalers, have different patterns of concentration. The wholesale agents and brokers are almost all located in the first of the distance zones. Merchant wholesalers, on the other hand, are located in the zones of less intensive land use away from the peak-value intersection. The number of establishments in the various service sub-categories is greater in the inner zone than in any other zone, with the exception of the community, health, and welfare establishments which are located primarily in the second zone, particularly in one of the old, mostly

vacant office buildings.

Most of the concerns in the study area are small. About a quarter of the total establishments are one-man enterprises. Establishments with four or less employees comprise about two-thirds of the total. A very large proportion of the small businesses are operated as sole-proprietorships or partnerships rather than under the corporate form of organization typical of larger enterprise. Another characteristic of small business is the inextricable way in which the family affairs of the owner are intertwined with the operation of the business. In many of the partnerships and sole-proprietorships there is the use of unpaid family labor, including the wife and sometimes the older children of the owner. The relation of establishment size with respect to industry divisions indicates that in the area considered in this study the largest types of establishments are wholesale merchants (wholesale agents and brokers as a group have the lowest number of employees per establishment), furniture, apparel, and miscellaneous one-of-a-kind retail stores, hotels and restaurants, and public agencies. Commensurate with the small number of employees per establishment, three-quarters of the premises were rented a proportion which includes most of the concerns occupying small floor areas. Stated another way, about one-quarter of the establishments which were not renting occupied approximately two-thirds of the total floor area.

Many of the businessmen in the area are long-term site residents. Over two-fifths of the concerns have been at their present location for at least ten years, while about one-fifth had been located at the same site for at least twenty-five years. Many of these long-term site residents are tenants and many have not, in the past, considered it necessary to protect their tenure by a lease arrangement. As a matter of fact, sixty percent of the firms that are renting (approximately three-quarters of the total) do not have any lease.

Many of the firms in the area (45.7 percent) are located at their original location, while many others (25.9 percent) have moved from some other location in the same general area. The fact that many of the establishments either got their start in the area and/or have spent a considerable portion of their primary growth period here supports the general conclusion that the area provides a "birth-place" or "incubator" function for many small establishments.

Many of the establishments in the area are profiting from certain specific locational advantages. Most frequently cited is the advantage of a central location. A central location is an advantage particularly to those concerns whose market is city or regional in scope or who must be part of a large market to function. Other advantages include cheap rent/low overhead, the proximity of other business establishments, good parking and easy access, a

known location, and good exposure at ground level on a busy street. One important advantage which underlines many of the values associated with "natural" areas is the large number of owners in the area who do not necessarily operate their concerns or stay in business because of economic motivations but because of certain social and psychological alternatives.

Many of the owners and operators of businesses in the area cited a number of locational disadvantages. By far the most severe of these disadvantages are the problems associated with parking and access, such as parking meters, parking bans, and tow-a-way zones. Another disadvantage is the distraction of the Skid Row environment to non-Skid Row establishments. Another major disadvantage cited was the effects of the decline of the business and residential populations in the study area. Thus, the exodus of the residential population has reduced demands, and the subsequent migration of business establishments has deprived the remaining establishments of much of their needed foot traffic.

In the last section of Chapter Three the various sources of business cited by the owners and/or operators of establishments in the area were listed. This classification is based on whether the source is linked, that is, directly attributable to another non-residential establishment, or whether the source is related to a particular geographical area or a particular segment of the population, that is, a

demographic source. Among the demographic sources, the most frequently cited was "all-over" which indicates an important central function for many establishments in the area. Also important among the demographic sources is the rural business from small towns, farmers, ranchers, etc., which also indicates a large, rather than limited scope. Customers for other businesses in the area include the residents of the area, transients, working men, tourists, and certain ethnic and/or religious groups such as the Indian-Metis and the Hutterites.

Among the linked sources, the most important members of the various land use associations are the hotels, department stores, the clothing and other specialty stores, the Civic Complex, the Canadian Pacific Railway, and the Federal Public Building. These relationships have been summarized according to the classification of linkages derived by Rannells. The relationship between the hotels and other merchants or service establishments who are located either within the hotels or very close to them, is considered a commensal linkage. These concerns are not necessarily related but do depend upon the same market, or share the same location, or both. Another association is between similar establishments. It is customary in certain trades that buying entails comparative shopping, and thus close proximity between rivals facilitates this need. The close proximity of establishments which sell the same products or

services to the same market is considered a competitive type of linkage. This "law of accumulative attraction" appears to be the principle underlying the clustering of certain establishments in the area, particularly manufacturers' representatives, most of which are located in the same office building. The relationship between the garment wholesalers and the department stores and other independent retail clothing stores is considered in this study to be an example of a complementary linkage. In this case, the various clothing agents and brokers supply the "bits" and "pieces" of the retail clothing industry. The ancillary type of linkage is illustrated by the relationship of many establishments that depend upon large generators of employment like the Civic Complex, the Canadian Pacific Railway, and the Federal Public Building. Although there is no direct interaction between these large establishments and the small businesses, the small concerns do depend upon the employees of these large establishments for much of their trade.

According to personal interviews with the owners and operators in the study area, about 12 percent of the establishments will probably terminate rather than relocate. These anticipated closures are the result of several factors. A number of property owners are contemplating retirement which they hope will be possible when they receive their condemnation awards. Some of the businessmen in the area are elderly, and in many cases the businesses which

they operate are not serious commercial ventures but are more like a hobby in which one can be kept busy and maintain an interest in life during advanced age. It will be expedient for many of these elderly owners to retire rather than relocate. There are also a large number of reasons why some businesses do not survive that are unrelated to the effects of urban renewal. A fairly high fatality rate among concerns in urban areas does appear to occur in the older business sections.

Many of the concerns that will relocate have indicated a future location preference. The most popular destination area is somewhere else downtown (33.1 percent), followed by the same area after it is redeveloped (13.9 percent), and elsewhere Calgary (6.4 percent). There is a relatively large number of establishments which were undecided (28.3 percent).

Among the concerns that will relocate, elsewhere downtown appears to be particularly attractive to many of the small firms in the Manufacturing, Construction, and Transportation category as well as almost all of the wholesale agents and brokers whose most important location requirement is that they remain very close to the center of the retail district. A number of apparel, furniture, and miscellaneous concerns and a relatively large proportion of the health and welfare services, personal services, and services to business management will also relocate elsewhere

downtown. Although there are few firms moving to the suburbs, those that are moving tend to be larger and include one fairly large industrial concern, several wholesale merchants, two hotels and one firm operating three furniture and appliance stores. Among the concerns that are relocating in the suburbs, parking facilities is the most important requirement.

The establishments that are interested in returning to the same area after redevelopment will present a problem to the redevelopment officials. These include not only several large, well established, independent retail stores and banks but also some rather marginal concerns, such as one-man barbershops located on Skid Row. It is doubtful if many of these small firms will be capable of paying the increased cost of site rental in the new center.

When contacted, many of the owners of establishments were undecided about their future location. Many of these owner-operators appeared, in fact, to be concerned only about re-establishing their business somewhere, evidently regardless of where it was located, as long as they could maintain the equivalent of their present business. Many of the owners who were undecided are acutely aware of the possibility of losing many, if not all, of their established customers. Many businessmen are particularly concerned about the fact that they are not eligible for loss of good will and similar compensation. Because of the dependence of many

of the small concerns on repeat or established business, many of the businessmen hope to minimize the effects of dislocation by relocating very close to their present premises.

Even if urban renewal does not go ahead as planned, there are many changes occurring in the present interim period as a result of this proposal. For many of the owners of property in the area, their premises are now very difficult to sell or lease because of uncertainty about the future of the area. At the same time, the redevelopment agency is hesitant to purchase any properties or provide any other relief to businesses in the area in advance of scheme approval. Many of the tenants in the area become "prior move-outs," since they move on their own before approval as a result of these uncertainties and the rapid downgrading of the area which is presently occurring.

In this part of the summary many of the conclusions are incorporated into a typology of the possible effects of redevelopment and relocation on the non-residential establishments presently in the proposed urban renewal area. Such a classification should be useful to redevelopment authorities since it will underline the considerable amount of variation in the ability of these establishments to withstand the disruptive effects of change. The typology, which is based on the probable failure or success or partial success of establishments to withstand change, is subdivided into the following categories.

1. "Independents". These are establishments which are apparently neither overly concerned about or seemingly affected by urban renewal. They will relocate at any time without assistance.
2. "Opportunists". These include both those concerns with financial ability to benefit from these improved circumstances and also those businesses which have succumbed to the gradual encroachment of blighted conditions and do not have the necessary resources to relocate to more suitable surroundings. For these establishments which are "trapped," urban renewal will provide the opportunity and necessary assistance to leave their outmoded premises.
3. "Marginal Survivors". These establishments will account for an estimated one-third of the total establishments presently in the area. These concerns will relocate, but because of a combination of increased site rental and decreased sales will suffer from losses in net income.
4. "Failures". These are the concerns which will be unable to survive the disruptive effects of redevelopment.

The employees of many establishments that for whatever reason will not continue to operate will suffer serious hardship. These constitute the category of the "Dislocated Workers". In order for the above typology to be reasonably all-inclusive, an additional category should be added; this

is called here "Closures for reasons other than urban renewal". The characteristics of the growth and decline of these establishments has already been discussed at some length in Chapter Four.

The "Independents" are typically public agencies, wholesale agents, and brokers and wholesale merchants. These types of establishments tend to be city-wide or regional in orientation rather than neighborhood in scope, and, in addition to those which are public, the wholesalers tend to be corporately owned.

Among the wholesalers, the most important reasons why they are in the area are cheaper rents and the availability of a considerable amount of fractional floor space which permits a commensal type of linkage which facilitates competitive buying. Even though located in the area of cheaper rents, the wholesalers, particularly the garment manufacturers' representatives, are still very close to the center of the retail district.

The future location of many of the wholesalers will depend almost entirely upon the location of their competitors, and they are prepared to move to retain this competitive position. One merchant wholesaler, for example, who is within one block of his two major competitors admitted that his future location will depend entirely upon what they do, since he plans to go right along with his opposition. A representative of one of the largest of the garment

manufactures in the same building with most of the other agents indicated that the present situation was satisfactory and that there would be a similar arrangement at any future location.

The ability of these "Independents" to relocate successfully at any time without assistance is illustrated by a wholesale merchant who put this idea across rather bluntly.

I know what I want and when I see it I'll take it. I've had real estate experience and I don't feel I need anybody's assistance. I have several friends in real estate and they know what I'm after when the time comes.

In this urban renewal scheme, as it is presently envisioned, it will be businessmen with financial ability, or who are herein called "Opportunists", that will benefit from these proposed improvements. This category will include especially those owners of prosperous, well-established businesses that will be able to re-establish in the area after redevelopment. Businesses that will benefit will also include those owned by people who are now either property owners or who have an interest in the land. It has already been noted that many of the property owners in the study area plan to retire on their condemnation awards. For many of the other establishments that are entitled to compensation and that have slowly become enveloped by blighted conditions, this chance to leave their outmoded premises will be a real opportunity.

In the follow-up study by Zimmer of the actual effects

of displacement on businesses that have had to move from urban renewal and highway construction sites in the city of Providence, R. I., a relatively large proportion of the establishments did, in fact, report more business than prior to the move.

Approximately one-third of the median and large units were better off after the move than prior to displacement. In many instances, the move gave them an opportunity to expand their business which was not possible at the old location. This was evident from remarks such as: "We were slowly strangling down in that area -- that place was too small -- the area was too congested for our business -- we have been able to expand here because of more space but we couldn't have expanded at the old location -- we were glad to leave -- we wanted to expand and the move gave us the push forward we needed -- we were blocked at the old location because of the poor condition of the building -- we were growing and sooner or later would have to find a larger place -- it was a good thing that it happened to us -- moving shook the businesses up and in five years they will be in much better shape than if they hadn't moved." In these instances the consequences of displacement were to their advantage.¹

A sizeable proportion of the concerns encountered in follow-up studies experience declines in volume of business at their new locations. The characteristics of these "Marginal Survivors" are outlined by Zimmer.

But for a substantial number (43 percent), income declined at the new location. This decline, however, was largely due to small neighborhood-type businesses. Declines were reported disproportionately by food-related retail and service establishments. These businesses, as we have noted several times, were predominantly dependent on a recurrent relationship with customers living

¹Zimmer, op. cit., pp. 342-43.

in close proximity. Movement out of an established area proved to be particularly disruptive for such businesses. Many were unable to survive displacement and, of those that did relocate, many experienced rather severe economic losses.¹

By now a fairly good idea has been attained of what types of businesses will not withstand the disruptive effects of change. The most outstanding characteristic of these "Non-Survivors" is that they are small establishments, individual rather than corporate owned. The predominance of small firms that are located in urban renewal areas has led some critics to believe that the business dislocation-relocation problem is, indeed, a problem of small business.

Business relocation from such areas is essentially a small business problem. Dislocated firms are independent and rarely have over five employees. They are most typically commercial establishments, especially food stores, eating and drinking establishments, and personal service organizations.

The affected businesses are overwhelmingly partnerships or proprietorships. Corporations do appear occasionally among the manufacturing and wholesale establishments but the commercial firms are characteristically owner-operated.²

Another characteristic of the "Non-Survivors" is that many of them are not entitled to condemnation awards. In Calgary, many of the establishments are operated by tenants, without long-term leases. Thus, they will not be entitled to the compensation which they should justly receive. More

¹Ibid., 342.

²Kinnard and Malinowski, op. cit., p. 75.

equitable and more uniform compensation for relocation is definitely required.

Many of the establishments that do not survive the disruptive effects of redevelopment are predominately of the retail and service type that depend a great deal on repeat or steady customers.

The loss rate was highest among food-related retail units and lowest among the establishments in the manufacturing, wholesale, and construction category. In short, the types of units least likely to survive displacement were predominantly those businesses that had a close and frequent relationship with their customers. Such units largely served a neighborhood-type market. The owners tended to know most of their customers who came disproportionately from a particular ethnic or racial group. Because of this closer and apparently more recurrent relationship with their customers, who tended to live in close proximity, these establishments were much more sensitive to the disruptive effects of the move. Such customer relationships were most likely to obtain in renewal areas.¹

Another consideration which is very important in the ability of these businessmen to withstand the disruptive effects of change is age. In the Gateway Center Renewal Area Project in Minneapolis, for example, a large number of businesses were liquidated because of the advanced age of the owner. Included among these liquidations were a large proportion of "retail-service type of businesses such as one-man barber shops or tailor shops."²

¹Zimmer, op. cit., p. 326.

²City of Minneapolis, Report on the Relocation of Residents, Businesses, Institutions from Gateway Center Renewal Area (Minneapolis: Minneapolis Housing and Redevelopment Authority, November, 1963), p. 20.

According to the report by the City of Minneapolis, many of those establishments which did not survive redevelopment were, typically, serving Skid Row customers:

. . . the largest category of businesses ceasing operations were enterprises of various types which played such an important part in daily lives of the residents that they could be properly called the "institutions" of "skid row". Included in this category are: lodging houses, hotels, missions, second-hand stores, restaurants, and pawn shops.¹

In Chapter Two it was noted that on Calgary's Skid Row there is a duplication of many second-hand clothing and furniture stores, cheap cafes, hotels, taverns, billiard halls, barber shops, missions, and "flops". In Calgary, as in Minneapolis, many of these "institutions" will not be capable of adjustment to the changes which are proposed for the area.

One of the consequences of urban renewal displacement that has been virtually ignored in many studies is the effects that redevelopment will have upon the employees of establishments that either do not readjust successfully to relocation or whose employer takes his condemnation award and retires.

For these "Dislocated Workers" who are no longer employed, it can be a particular hardship for the older worker who is regarded as superannuated for purposes of other

¹Ibid.

employment. Experience based on plant relocation for reasons other than urban renewal indicate that a relatively high proportion of the workers who are dislocated never obtain a steady job following closure. Others who did secure employment found that the income in their new job was less than in their old.¹

Dislocation from gainful employment not only depletes the savings of the relocatee but also leads to a feeling of desperation and hopelessness in regard to other aspects of social behavior. This, then, is undoubtedly another one of the costs of redevelopment that the site residents in the study area will have to pay.

In this analysis it is apparent that the individual costs of redevelopment in many cases will be very high. In this study an attempt has been made to emphasize the reactions of many of the businessmen in the area to the need to relocate. Many of these reactions are understandably very negative. Urban renewal can be very efficient in the removal of blighted conditions; it will, however, also remove a great many of the marginal establishments. Urban renewal is thus one example of a program in which many of the consequences are unplanned.

¹For a discussion of plant relocation and its effects on workers see: Edward Rothstein, "Plant Relocation and Discarded Workers," Social Problems, (June, 1953), 28-31 and "Plant Relocation and Its Consequences," Labour Gazette, LXV (August, 1965), 702-04.

The results of this study indicate that the proposed redevelopment scheme in Calgary will not change the distribution of the business and other non-residential establishments drastically. While the study by Zimmer (see pp. 149-91) concluded that displacements are hastening the suburbanization movement of the establishments located in clearance zones in the Providence, R. I. Metropolitan Area, the results of the present study indicate that among the establishments that will relocate, the largest proportion will seek other locations elsewhere in the downtown area. This preference for a central location appears to be due to a conscious desire to remain close to their present location and also reflects the fact that many of the establishments prefer to be part of a cluster of activity since they require a large market to function.

The anticipated outcomes revealed by this study raise an important question, namely, are the consequences of urban redevelopment worth the expense and effort in terms of the aggregate social and economic gains and losses? In Calgary it would appear that the small, marginal businessman will bear a disproportionately large part of the expense of community progress. Thus, ironically, it is the small, powerless, and voiceless minority in our society whose opportunities and aspirations should be improved through urban renewal that does, in fact, appear to pay the most (in social costs) and suffer the most as a result of these public and federally assisted programs.

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