

Commission found that there is a strong need for reorienting Federal urban development programs to facilitate and encourage more effective organization and planning in State and local governments receiving aid, as well as for improved coordination within the Federal Government. Five major recommendations emerged from this study:

1. The Commission recommends that the Congress and executive agencies take action to remove from Federal aid programs for urban development all organizational limitations which require or promote special-purpose units of local government to the disadvantage of general-purpose governments (municipalities, towns, and counties). Other factors being equal, general-purpose units of government should be favored as Federal aid recipients. Special-purpose recipients should be required to coordinate their aided activities with general-purpose governments.

Federal agencies have generally taken a limited approach in establishing organizational requirements for eligibility. Their primary interest has been to assure adequate performance of the function for which aid is available, and the achievement of specific program objectives. Most Federal aid is available to both general-purpose governments and special districts. The special districts, actively endorsed and sometimes even required by about one-quarter of all Federal urban development programs, include regional planning agencies, local area redevelopment organizations, industrial development authorities, irrigation districts, and water user associations.

In the past, the Federal Government has not hesitated to use its aid programs to affect local governmental organization. A shift in policy toward strengthening general-purpose units of local government, and away from special-purpose units, would simplify intergovernmental relations, make urban development processes more understandable by the public, and ease the difficult task of coordinating activities of local governments operating in the same metropolitan area. The recent amendments to the Farmers Home Administration Act authorizing loans or grants to assist in financing water development or waste disposal facilities include the provision that if the Secretary of Agriculture receives two or more applications, including one from a unit of general local government, for aid to projects to serve the same general group of residents he must, in the absence of substantial reasons to the contrary, provide assistance to the general local government.

2. The Congress and executive agencies should authorize and encourage responsible joint participation in urban development programs by local governments having common program objectives in metropolitan areas that overlap political boundaries.

Less than one-quarter of the Federal programs surveyed encourage broader areas of planning or administration than a single local government. An example of such encouragement is the open space land acquisition program, which offers an extra 10 percent incentive grant to local governments with authority to acquire open space for a substantial part of the urban area pursuant to an interlocal agreement.

On the other hand, nearly one-quarter of the programs have provisions which tend to discourage joint participation. For example, population limitations in the public facility loan program work against a broadening of jurisdiction. Similarly, the dollar limitation on Federal contributions for construction of any one sewage treatment