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METROPOLITAN AMERICA:

CHALLENGE TO FEDERALISM

Prepared by Bernard J. Frieden for the
Advisory Commission on Intergovernmental Relations

This document is based on research and recommendations on metropolitan area problems previously published by the Commission

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FOREWORD

Problems of intergovernmental relations are particularly significant, varied, and difficult in large metropolitan areas, where activities of all three levels of Government operate in close proximity. Since its establishment over 6 years ago, the Advisory Commission on Intergovernmental Relations has devoted continuing attention to these problems. Reports have dealt with alternative methods of governmental organization, planning, Federal and State relations with local governments, and the administration of several federally aided urban programs.

Taken together, they present a review of metropolitan America and its governmental capabilities. Their recommendations provide the foundation for a philosophy of intergovenmental relations and for a coordinated program of Federal, State, and local action.

With the intense interest in positive programs of governmental and private action in the Nation's urban areas, the need to integrate and synthesize the analysis and recommendations contained in these Commission reports became urgent and this single volume was brought together. The manuscript was prepared by Mr. Bernard J. Frieden, associate professor of city planning at the Massachusetts Institute of Technology for the Advisory Commission on Intergovernmental Relations. It draws on those Commission studies dealing with metropolitan problems. It places them in a broad context and summarizes ACIR recommendations to all levels of government for utilizing the resources of the Federal system in metropolitan areas. The reports used in this publication were adopted over the period from April 1961 to January 1965. A list appears immediately preceding this foreword showing the Commission members who served at any time during this period.

The Commission was established by Public Law 380, passed by the first session of the 86th Congress and approved by the President September 24, 1959. The act declares that it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

The act assigns responsibility to the Commission to bring together representatives of all levels of government for the consideration of common problems; provide a forum for discussing programs requiring intergovernmental cooperation; give critical attention to grant programs; make available technical assistance to the Federal Government in reviewing proposed legislation; encourage discussion and study of emerging public problems likely to require intergovernmental cooperation; recommend the most desirable allocation of functions, responsibilities, and revenues; and recommend methods of coordinating and simplifying tax laws and administrative practices.

The Commission is composed of 26 members representing all levels of government. It selects specific intergovernmental problems for analysis and policy recommendation, and during the past 6 years a growing number of these have related to metropolitan areas. In

some cases, matters proposed for study are introduced by individual members of the Commission; in other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Once a subject is placed on the work program, staff is assigned to it. In limited instances the study is contracted for with an expert in the field or a research organization. The staff's job is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the Commission might wish to consider. This is all developed and set forth in a preliminary draft report, containing (*a*) historical and factual background, (*b*) analysis of the issues, and (*c*) alternative solutions.

The preliminary draft is reviewed within the staff of the Commission and after revision is placed before an informal group of critics for searching review and criticism. In assembling these reviewers, care is taken to provide (*a*) expert knowledge and (*b*) a diversity of substantive and philosophical viewpoints. The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the Commission at least 2 weeks in advance of the meeting at which it is to be considered.

In its formal consideration of the draft report, the Commission registers any general opinion it may have as to further staff work or other considerations which it believes warranted. However, most of the time available is devoted to a specific and detailed examination of conclusions and possible recommendations. Differences of opinion are aired, suggested revisions discussed, amendments considered and voted upon, and finally recommendation adopted with individual dissents registered.

All of the reports used in this volume were a product of this intricate process. All have produced extensive followup efforts at every level. All have achieved some positive results. But it is our hope that this volume will stimulate even greater action.

Metropolitan America, after all, is the greatest challenge to contemporary federalism and it is the Commission's belief that these proposals provide a bold but balanced approach to meeting this challenge.

WM. G. COLMAN,
Executive Director.
DAVID B. WALKER,
Assistant Director.

PREFACE

"Depend on it," Dr. Samuel Johnson observed, "when a man knows he is going to be hanged in a fortnight, it concentrates his mind wonderfully." Unfortunately, most of the critical problems in urban areas are more in the nature of a quiet or creeping crisis. The problems that face our urban communities are too often illustrated by long-term trend lines: the economic decline of central cities, the physical and social disintegration of slum areas, increasingly fragmented and overlapping patterns of government, urban sprawl, housing problems and school problems in all parts of the urban complex, inadequate transportation facilities, and growing confusion and ugliness where there should be beauty. Yet, behind these statistics and population patterns, are individual personal and community tragedies.

In a democratic society, the role of government—Federal, State, and local—in meeting these problems will always be crucial. The Advisory Commission on Intergovernmental Relations has performed a major service by weaving together in *Metropolitan America: Challenge to Federalism* a number of its major reports and recommendations for improving intergovernmental relations in our metropolitan areas. This volume relates in a meaningful way the problems posed by contemporary social and economic development in metropolitan areas, the ways available for reorganizing government to cope more effectively with their problems, and develops the beginnings of an intergovernmental strategy to utilize effectively the resources of the federal system in support of metropolitan objectives.

The major themes for a new urban federalism are developed here: the strengthening of our general units of government, the cities and counties and in New England the towns; the use of the broad and equitable Federal and State tax base to help local governments meet their needs; consistent comprehensive planning procedures to better relate Federal, State, and local and private development activities in urban areas; and State action to remove past restrictions and play a new role of oversight and assistance to their urban governments.

President Johnson has pledged his support for a "creative federalism" to meet the problems of urban development. In his last two annual messages on the cities, the President has requested legislation specifically designed to show how regional goals can be achieved and intertwined urban problems can be attacked through coordinated use of Federal, State, and local programs. I have been working, at his request, with the Nation's mayors, county officials, and city managers to deal with our metropolitan problems. They are the same problems that I had to face as mayor of Minneapolis and as a member of Senator Edmund S. Muskie's Subcommittee on Intergovernmental Relations of the Government Operations Committee when I repre-

sented Minnesota in the Senate. The debate, of course, will never end on the proper role and ways in which the Federal, State, and local governments can best work together in the Nation's metropolitan areas. The President has asked Congress to adopt the proposed Intergovernmental Cooperation Act, which is based in part on the recommendations of the Advisory Commission contained in this book.

During the American Revolution, Tom Paine said that the cause of America is the cause of mankind. Now, throughout the world, the cause of all mankind is increasingly to find the good life in an urbanized environment. We will succeed in the United States in meeting our metropolitan problems, and in so doing, we will provide another example to the world of what a free society can do.

HUBERT H. HUMPHREY,
Vice President of the United States.

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Chapter I

METROPOLITAN NEEDS AND GOVERNMENT PERFORMANCE

Great cities have given way to metropolitan areas as the centers of American life. To many observers, the emergence of the modern metropolis is a cause for concern as much as for celebration. Metropolitan development confronts, and helps to create, a long agenda of problems that can be solved only by public action. The agenda includes providing public investments and services to keep pace with population growth and changing needs, rebuilding the older urban centers, eliminating the inequities of social and economic segregation, and offering equal opportunities for all to share in the benefits of urban life.

This array of urban problems has been widely recognized but subject to varying interpretation. A fundamental issue, whether governments are capable of dealing with these problems, is often slighted. Thus social critics, noting the contrast between splendid new suburban homes, an abundance of high-powered cars, and recurrent crises in such areas of public responsibility as education and water supply, conclude that there is a striking imbalance in national priorities. Galbraith, in *The Affluent Society*, attributes this curious urban blend of private splendor and public squalor to a national folklore that assigns high value to private production, with a corresponding neglect of important public investments. If the American public assigned higher priority to government undertakings, presumably government would respond with vastly improved programs.

While public attitudes are surely important factors influencing government performance, a more searching examination of the state of public business in metropolitan America will reveal that the organization of government also has much to do with current inadequacies. Even where demands for improvement are voiced loudly and persistently, governments in urban areas often seem unable to hear or to respond. To meet the needs of a metropolitan age, it is essential to remove obstacles within the system of government itself. Efforts to arouse public awareness and concern for urban problems are unlikely to produce tangible results unless there are channels for transmitting this concern to government, and unless government is equipped to take effective action in response.

This book is concerned with the metropolitan areas of the United States, the problems posed by their rapid development today, and the disabilities that prevent governments from coping effectively with these problems. Numerous books and articles have been devoted to this subject, reflecting many points of view and different levels of research and analysis. Since 1959, the Advisory Commission on Intergovernmental Relations has conducted a number of studies focusing on governmental responsibilities and performance in urban areas.

The Commission has endeavored to direct its work so as to provide a sustained program of research, attention to political realities as well as technical factors, and an application of research findings to point the way toward concerted intergovernmental action in metropolitan areas.

The Commission's reports on metropolitan problems have ranged over such issues as government structure and organization, the performance of specific urban functions, alternative approaches to governmental reorganization in metropolitan areas, the impact of Federal urban development programs, metropolitan social and economic disparities, intergovernmental responsibilities for water supply and sewage disposal, and the complexities of relocating people and businesses displaced by government action. This book is based on the series of Commission studies in order to present both an analysis of the subjects they cover and the program for improvement proposed by the Commission. Taken together, the separate analyses constitute a diagnosis of the state of metropolitan America and its governmental capabilities. In addition, the specific proposals furnish the basis for a workable philosophy of intergovernmental relations in an urban age, and for a unified program of needed Federal, State, and local action on metropolitan area problems.

Urban Growth and Services

The rapid pace of metropolitan expansion poses one significant set of challenges to local government. The great majority of people and economic activities in the United States are now concentrated in over 200 metropolitan areas, and virtually all future growth is expected to take place within these areas. Inside metropolitan areas, however, growth does not take a concentrated form but tends to spread well beyond the established cities into fringe territory. By now, more than half the metropolitan population lives outside the central cities. This pattern of growth imposes major new service demands on local governments in outlying areas, many of which have never before had to cope with the pressures of sudden population increase.

President Johnson outlined the national magnitude of the urban growth challenge in his 1965 message to Congress on the cities:

> Our new city dwellers will need homes and schools and public services. By 1975, we will need over 2 million new homes a year. We will need schools for 10 million additional children, welfare and health facilities for 5 million more people over the age of 60, transportation facilities for the daily movement of 200 million people, and more than 80 million automobiles.
>
> In the remainder of this century—in less than 40 years—urban population will double, city land will double, and we will have to build in our cities as much as all that we have built since the first colonist arrived on these shores. It is as if we had 40 years to rebuild the entire urban United States.

Urban growth is a complex process requiring a wide variety of public and private resources. The expansive pattern of urban development in the United States means, first, that a large supply of land is needed to accommodate increases in population and economic activity. In fact, the need for urban land tends to grow at a faster rate than population increase. In the New York metropolitan region—defined broadly to include several contiguous metropolitan areas in New York, New Jersey, and Connecticut—the population is expected to grow from 16 million in 1960 to 22 million in 1985. If

recent trends in land development continue, the urbanized land area will more than double during the same period, growing from 2,400 square miles in 1960 to 5,200 square miles in 1985.[1] In other parts of the country, as well, the increase of population requires more than a proportional commitment of fringe land to urban development.

There is no shortage of land in the United States. Even the densely populated eastern seaboard contains abundant reserves of open land that can be used for urban expansion. Problems arise in making this land suitable for urban living. Highways and other transportation channels must be provided to make fringe areas accessible to the core cities and to metropolitan job centers. Schools, water supply, parks, hospitals, utilities, local roads, and shopping centers are all needed to serve a growing population. In the New York region, the necessary public service investments alone will cost an estimated $16,800 for each new household.[2] The high public cost of servicing urban growth has tempted many local governments to provide inadequate levels of service or to rely excessively on facilities supplied by private land developers. Thus, one of the major shortcomings in water supply and waste disposal is the continued reliance on private wells and individual septic tanks in communities where the growing density of population calls for public water and sewerage systems. Local governments often supply services haphazardly and only after crises have developed. Where local land regulation is inadequate, potential sites for parks, schools, and public buildings may be taken for private development before the community can act to acquire them. Housing, shopping centers, and industry may destroy irreplaceable natural resources by leveling woodlands, polluting streams, and filling in wet lands so that natural drainage patterns are interrupted and flooding becomes a problem.

The plight of suburbanites can easily be exaggerated. Despite crabgrass and faulty septic tanks, most new residents of the suburbs enjoy good living conditions. But public expectations are rising quickly. Many government officials as well as private developers have sensed increasing dissatisfaction with the quality of the new environment being built in the suburbs and are seeking ways to build better communities.

Social and Economic Disparities

Other metropolitan problems are more ominous than the inadequate services of newly developing suburbs. Metropolitan growth in the United States is producing patterns of racial and economic segregation, with severe consequences for disadvantaged groups, for the communities where they are concentrated, and ultimately for the entire urban society. While large numbers of people have been moving from the older central cities to the suburbs, others have been moving from rural areas into the central cities. Since World War II, there have been vast migrations of southern Negroes, Puerto Ricans, and people from Appalachia to the great cities. And while more prosperous groups were moving to the suburbs to find better housing, many earlier residents of the cities remained—some because they preferred to live in the central cities, many because they could

[1] Regional Plan Association (New York), Bulletin 100, "Spread City," September 1962.
[2] *Ibid.*

not afford the cost of a suburban house. Within the suburbs, there has been further segregation as different builders produced new one-class communities with housing entirely in a particular price range. Local government policies have had a hand in limiting the range of families who can afford to live within their borders. Because of the high cost of providing public services for new residents, many communities have made use of zoning and other land development controls to hold down population growth and to exclude middle and lower income families whose modest houses would not yield enough in property taxes to cover their service costs. In addition, racial discrimination on the part of builders, real estate brokers, and mortgage institutions has reinforced economic segregation with direct policies of racial exclusion.

As a result of this combination of forces, low-income families, broken families, the elderly, the unemployed, and Negroes are concentrated in the central cities of most large metropolitan areas. This segregation can lead to cultural isolation of disadvantaged groups from the rest of society. Current interpretations of urban poverty stress the self-reinforcing character of the culture of poverty in which economic deprivation leads to low levels of aspiration and destroys incentives for self-improvement. Concentrations of poor people lead also to impoverished governments, unable to supply services to people who are particularly dependent on government help. People in the central cities need many kinds of government services: welfare, education, health, police, and fire protection. Yet the tax resources of these cities are limited by the very nature of their population. With the loss of middle and upper income families, as well as industries and retail firms, the central cities have been increasingly unable to raise sufficient tax revenue for their mounting service needs.

Thus the social disparities between suburban and central city communities give rise to economic and fiscal disparities as well. Tax-poor governments provide inferior services for their citizens and deny them significant opportunities to participate in the benefits of metropolitan life. As James B. Conant has noted, the great disparities between public education in the slums and in the suburbs are incompatible with the American ideal of equal opportunity for all. Educating slum children is far more difficult than educating middle-class children; yet many schools in wealthy suburbs spend $1,000 per pupil annually and provide a staff of 70 professionals per 1,000 students, while slum schools are likely to spend only half as much and to provide 40 or fewer professionals per 1,000 pupils.[3] The low level of education and other public services that the poor receive is closely related to the pattern of urban development and to its impact upon government finances.

Other detrimental consequences result from suburban growth that serves privileged groups and excludes the poor. Where residential choices available to the poor are sharply restricted, public programs that involve relocation of low-income families create severe hardship for them and retard progress toward national housing goals. Relocation for urban renewal and highway construction is one of the most troublesome elements of these programs. The disappointing results

[3] James B. Conant, *Slums and Suburbs* (New York: McGraw-Hill, 1961), p. 3.

of much relocation, occasioned by the shortage of housing that low-income families can afford, have created increasing opposition to the rebuilding of central cities and the construction of needed public works.

Metropolitan Interdependence

Underlying many metropolitan problems is the failure of governmental institutions to come to grips with the growing interdependence of people and communities within metropolitan areas. As urban settlement spreads across lines of local jurisdiction, the cities and suburbs together come to comprise a single integrated area for living and working. People look for housing and employment within a broad region circumscribed more by the convenience of commuting and by personal preferences than by local government boundaries. The existence of a metropolitanwide housing and job market is, in fact, the basis for defining metropolitan areas. In the definition of the U.S. Bureau of the Budget and the Bureau of the Census, "the general concept of a metropolitan area is one of an integrated economic and social unit with a recognized large population nucleus."

The detailed criteria used in defining "standard metropolitan statistical areas" (SMSA's) provide further insight into the integrated character of these areas. Each area must contain at least one city of 50,000 inhabitants or more, or "twin cities" with a combined population of at least 50,000. The metropolitan character of the county containing the central city or cities is established by determining that the county is a place of work or residence for a concentration of nonagricultural workers. The specific conditions that must be met include a requirement that at least 75 percent of the labor force must have nonagricultural occupations, and other tests concerning population density and job concentrations. In New England, the components of metropolitan areas are cities and towns rather than counties. Outlying counties (cities and towns in New England) are considered part of the metropolitan area if they meet either of the following tests:

(1) If 15 percent of the workers living in the county work in the county where the central city is located; or

(2) If 25 percent of those working in the outlying county live in the county where the central city is located.

If the information concerning these two requirements is not conclusive, other kinds of information are considered: reports of newspaper circulation, the extent to which residents of outlying areas maintain charge accounts in central city retail stores, official traffic counts, and other indicators of central city-suburban interaction.[4]

Metropolitan areas are integrated in other ways, as well. Local communities share many kinds of natural resources used for urban living: water supplies, drainage basins, recreation areas. They also share many manmade facilities that cut across local boundaries, such as highway and utility systems, and many other facilities that serve large segments of the metropolitan population, such as airports and commercial centers. These forms of interaction, together with

[4] For a full discussion of the criteria used in delineating standard metropolitan statistical areas, see Executive Office of the President, Bureau of the Budget, *Standard Metropolitan Statistical Areas* (Washington: Government Printing Office, 1964). An even broader designation, the *Standard Consolidated Area,* is used to cover a group of adjacent SMSA's around New York and Chicago.

the metropolitan character of housing and employment markets, create a broad area of common interest. The optimum use of shared facilities and resources calls for a high level of cooperation and for coordinated action by interdependent communities.

The policies of any one community typically have considerable impact in other parts of the metropolitan area. If one locality fails to control air or water pollution, its neighbors suffer. This principle was illustrated recently when Nassau County, which borders New York City, demanded that New York put its mosquitoes under surveillance. The public works commissioner of Nassau County charged that swarms of mosquitoes from the city had been invading Nassau territory: "Mosquitoes have no respect for boundary lines or home rule," he complained.[5]

The effects of local action (or inaction) that spread into other communities have come to be known as "spillovers." They are very common in metropolitan affairs and often consist of indirect effects. Thus, suburban communities that succeed in excluding the poor impose considerable burdens on other communities where the poor are concentrated. Spillovers can also be beneficial to neighboring localities. Effective traffic control or public health measures benefit people outside a city or town as well as local residents. Spillovers usually imply disparities between tax and service boundaries. Thus the residents of central cities may be taxed to provide services that are important to the suburbs as well as to themselves. Or suburbanites may be taxed to clean up polluted streams that flow into neighboring territory. In all these cases, people who do not live in a particular jurisdiction nevertheless have a strong interest in its performance of government functions.

The prevalence of spillovers constitutes a strong case for cooperation in metropolitan areas. Metropolitan service needs also provide compelling arguments for joint action. In such fields as water supply and sewage disposal, the cost of service per household can be reduced dramatically in large-scale operations by joint agreement of local governments. Similarly, areawide transportation systems—highways, public transit—require joint planning if they are to provide needed service at reasonable cost.

Despite the evident and important benefits of cooperative action in metropolitan areas, many local governments continue to go it alone. The realities of functional interdependence in metropolitan areas are in conflict with concepts of home rule that predate the age of metropolitan growth. Home rule in the contemporary metropolitan setting has often led to local isolation and conflict, to the detriment of the metropolitan population at large. Each community, in pursuing its own interests, may have an adverse effect on the interests of its neighbors. A major task for government in metropolitan areas is to develop policies consistent with the integrated character of the modern metropolitan community. Federal policies are guided increasingly by an awareness of this need, as President Johnson emphasized in his message on the cities:

> The interests and needs of many of the communities which make up the modern city often seem to be in conflict. But they all have an overriding interest in improving the quality of life of their people. And they have an overriding interest in enriching the quality of American civilization. These in-

[5] "Nassau Protesting Queens Mosquitoes," *New York Times*, Sept. 12, 1965, p. 1.

terests will only be served by looking at the metropolitan area as a whole, and planning and working for its development.

Governmental Obstacles

The fundamental metropolitan problem is not that there are difficulties in supplying public services or ameliorating social and economic disparities. It is that governments in metropolitan areas are often unable to cope with these issues. The system of local government in the United States has many achievements to its credit, but, like any social system, it also has its disadvantages. Within metropolitan areas, many important issues of public policy can no longer be handled by local communities acting alone; their small areas of jurisdiction are inadequate for either administering areawide services or resolving areawide problems.

The close ties of people and businesses to one another in metropolitan areas have no parallel in government. While social and economic relationships have shifted to an enlarged metropolitan scale, governments and the loyalties they inspire have remained local. As Roscoe Martin has put it:

> The metropolitan area has no capital, courthouse, or city hall, no corporate existence, no body, no soul, no sense of being, indeed no being in any concrete meaning of the term. Al Smith was from the sidewalks of New York, not from the sidewalks of the New York-Northeastern New Jersey standard consolidated area.[6]

Metropolitan areas are governed not only by traditional cities, towns, and counties, but also by a wide variety of special districts that overlap other boundaries. The complexity of local government can be illustrated by listing the array of local jurisdictions responsible for Park Forest, a suburb of Chicago, as of 1956: Cook County, Will County, Cook County Forest Preserve District, village of Park Forest, Rich Township, Bloom Township, Monee Township, Suburban Tuberculosis Sanitarium District, Bloom Township Sanitary District, Non-High School District 216, Non-High School District 213, Rich Township High School District 227, Elementary School District 163, South Cook County Mosquito Abatement District.[7]

Fragmentation of this kind may appear to bring government "closer to the people," but it compounds the difficulties of achieving coordination within metropolitan areas. Political responsibility for government performance is divided to the point of obscurity. Public control of government policies tends to break down when citizens have to deal with a network of independent governments, each responsible for highly specialized activities. Even where good channels are developed for registering public concern, each government is so circumscribed in its powers and in the area of its jurisdiction that important metropolitan action is virtually impossible for local governments to undertake. If a few governments are prepared to agree on joint measures or coordinated programs, their efforts can be blocked by others that are unwilling to cooperate.

Local governments, fragmented as they are, nevertheless keep the metropolis running. They operate the schools, maintain the streets,

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[6] Roscoe C. Martin, *Metropolis in Transition: Local Government Adaptation to Changing Urban Needs* (Washington: Government Printing Office, 1963), p. 141.

[7] Edward C. Banfield and Morton Grodzins, *Government and Housing in Metropolitan Areas* (New York: McGraw-Hill, 1958), p. 18.

take care of police and fire protection. But when issues of metropolitanwide importance arise—such as commuter transportation, water supply, or racial and economic segregation—people must turn to other channels for action. As Robert Wood has pointed out, an "embryonic coalition" of metropolitan leaders tends to emerge to tackle areawide problems. These leaders—politicians, editors, businessmen, labor leaders—operate informally and outside the regular structure of government, as they attempt to prod government into action. They lack the requirements for effective policymaking: an adequate institutional base, legal authority, direct relationships with the metropolitan constituency, and established processes for considering and resolving issues as they emerge.[8]

When important public issues can only be handled informally and outside government channels, it is time to review the system of government in metropolitan areas and to regard the shortcomings of this system as major problems in themselves. Norton Long has set the problems of metropolitan areas in this political context:

> The problems of the metropolis are important, but not because of flooded cellars or frustrated motorists, nor because they seriously threaten the viability of the metropolitan economy. They are important because they are symptomatic of the erosion of the competence of local government * * *. The threat of the eroded central city and the crazy-quilt triviality of suburbia is the threat to destroy the potential of our maintaining and reconstructing meaningful political communities at the local level. What has been treated as a threat to our physical well-being is in reality a threat to our capacity to sustain an active local civic life.[9]

The Federal System and Metropolitan Issues

With local governments often unwilling or unable to meet metropolitan needs, the Federal and State Governments have taken on increasing responsibilities for metropolitan welfare. The State role ranges from financial aid to local governments to direct State operations in metropolitan areas, such as highway building, and State establishment of special metropolitan authorities responsible for such functions as water supply and port development. The Federal role consists mainly of financial assistance for programs administered by State or local government. The number and size of Federal-aid programs have been growing at a striking rate: there are now more than 70 Federal-aid programs that directly support urban development, as well as a number of other kinds of Federal aid available to local governments in metropolitan areas.

State and Federal programs are helping to cope with many metropolitan needs, but they also raise troublesome political and governmental issues. Federal and State participation in metropolitan affairs greatly complicates the already fragmented governmental scene. Activities of all three levels of government now function in close juxtaposition, subject to an extremely complicated web of Federal, State, and local laws and administrative regulations. In the course of supplying needed help, Federal and State programs threaten to push the confused governmental situation closer to a state

[8] Robert C. Wood, *Metropolis Against Itself* (New York: Committee for Economic Development, 1959), p. 38.

[9] Norton E. Long, "Citizenship or Consumership in Metropolitan Areas," *Journal of the American Institute of Planners*, XXXI (February 1965), pp. 4–5.

of chaos. Coordination of efforts is a prime requirement for effective government action in metropolitan areas; yet the problems of coordination are compounded by the addition of higher levels of government to the fragmented local scene.

There is an implicit danger that greater reliance on Federal and State action in metropolitan areas may be a form of political abdication in which local governments wash their hands of difficult responsibilities and pass the buck to higher levels. This approach would lead to waning local influence over policies and programs that have significant local impact. Thus it is important to find ways of administering State and Federal programs within a system of democratic control in which metropolitan citizens can shape the programs that operate in their own areas.

Local communities in search of financial aid have turned mainly to the Federal Government rather than the States. The rural orientation of State legislatures has been well documented, and is only now changing to reflect recent reapportionments. For a number of reasons, the cities have found a more sympathetic hearing in Washington than in the State capital. In seeking Federal aid for urban problems, cities have tended to bypass the State and deal directly with Washington. A pattern of intergovernmental relations has developed in which cities and towns in metropolitan areas pursue largely independent policies, with a minimum of interlocal cooperation, but many engage in numerous direct dealings with the Federal Government. The State role has been lagging far behind both local and Federal activity. Yet the States occupy critical positions within the American federal system and possess the power and resources to strengthen local capacities and stimulate greater cooperation within metropolitan areas.

The new intergovernmental relationships also pose more fundamental issues for the future of the American federal system. Minimizing State participation in urban affairs is tantamount to removing State influence from a critical range of domestic issues. The federal system of the United States involves a division of powers between the States and the Federal Government. The States have created a further division by delegating powers to the local governments they have established. If the State role in this partnership is weakened, the ramifications may be far reaching. Without active State participation, it is doubtful whether local government can be reorganized to perform more effectively in metropolitan areas; the localities derive their powers from the States and need State authorization for structural reforms. More broadly, the State role in metropolitan affairs must be considered in terms of the philosophy of the federal system. The division of authority between the States and the Federal Government has served the country well in the past and has helped to safeguard the values of representative and responsible government. Basic changes in the system of intergovernmental relations should not be undertaken lightly or permitted to occur by default.

A major concern of this compendium is the proper use of the federal system in dealing with metropolitan area problems. It is necessary to consider not only the tangible problems that require solution, but also an equitable allocation of responsibilities within the federal

system. The political philosophy of federalism needs to be extended and applied to metropolitan affairs. Many immediate and realistic issues in the administration of Federal aid programs to urban areas hinge precisely on the concepts and values of the federal system. In the course of preparing recommendations for specific State, local, and Federal measures, the Advisory Commission on Intergovernmental Relations has necessarily defined the basic elements of a philosophy of intergovernmental action in metropolitan areas.

This brief survey of the metropolitan scene has touched on many subjects that will be explored more fully later: the problems posed by contemporary social and economic relationships in metropolitan areas, ways of reorganizing local government to cope more effectively with these problems, intergovernmental action to utilize the resources of the federal system in support of metropolitan objectives. These themes are developed in the following chapters by analyzing representative urban problems, investigating the inadequacies of present governmental arrangements for dealing with them, and then considering a series of measures to improve governmental capacity for handling these and similar issues of public policy.

Chapter II furnishes the background for these analyses by examining the current state of metropolitan America and emerging trends in its population, economic activity, social and economic relationships, and government structure and finances.

Chapters III and IV are case studies of two areas of government responsibility selected for illustrative purposes. Chapter III deals with the closely related functions of water supply and sewage disposal; chapter IV with the relocation of people and businesses displaced by government programs. Both examples provide specific insight into the limitations of present governmental capabilities and the obstacles to improved performance.

Chapter V then reviews a number of governmental reforms proposed by the Commission for strengthening the capacity of local governments to deal with metropolitan problems. These approaches generally involve the transfer of responsibilities from one local government to another, joint local agreements, or the creation of special authorities. They do not involve direct reliance on State or Federal action, except in support of local structural reforms. The merits and drawbacks of these local reforms will be considered, as well as the politics of local government reorganization.

Chapter VI opens the question of metropolitan action involving higher levels of government. Here, the Commission's proposals for intergovernmental action will be presented with particular attention to the principles that justify Federal and State participation in metropolitan affairs.

Finally, chapter VII brings together the Commission's major recommendations for strengthening State-local relations, for applying Federal resources most effectively in metropolitan areas, and for undertaking combined Federal-State-local action to deal with two significant types of metropolitan problems—urban services, as exemplified by water supply and relocation assistance, and the broad issues of inequities resulting from social and economic disparities within metropolitan areas.

No simple conclusions emerge from these investigations and proposals, but several points are clear. Poor coordination and conflicts

of interest among governments often block effective action to deal with metropolitan problems. Changes in the structure of government within metropolitan areas, and innovations in relations between the Federal Government, the States, and local communities are needed to overcome these obstacles. The complex federal system of the United States, however, is rich in possibilities for adaptation to meet the changing circumstances of metropolitan growth. With sufficient imagination and effort, the resources of the federal system can be brought effectively to bear on the urban problems that challenge our age, just as previous generations found ways of adapting the federal system to deal with other national challenges.

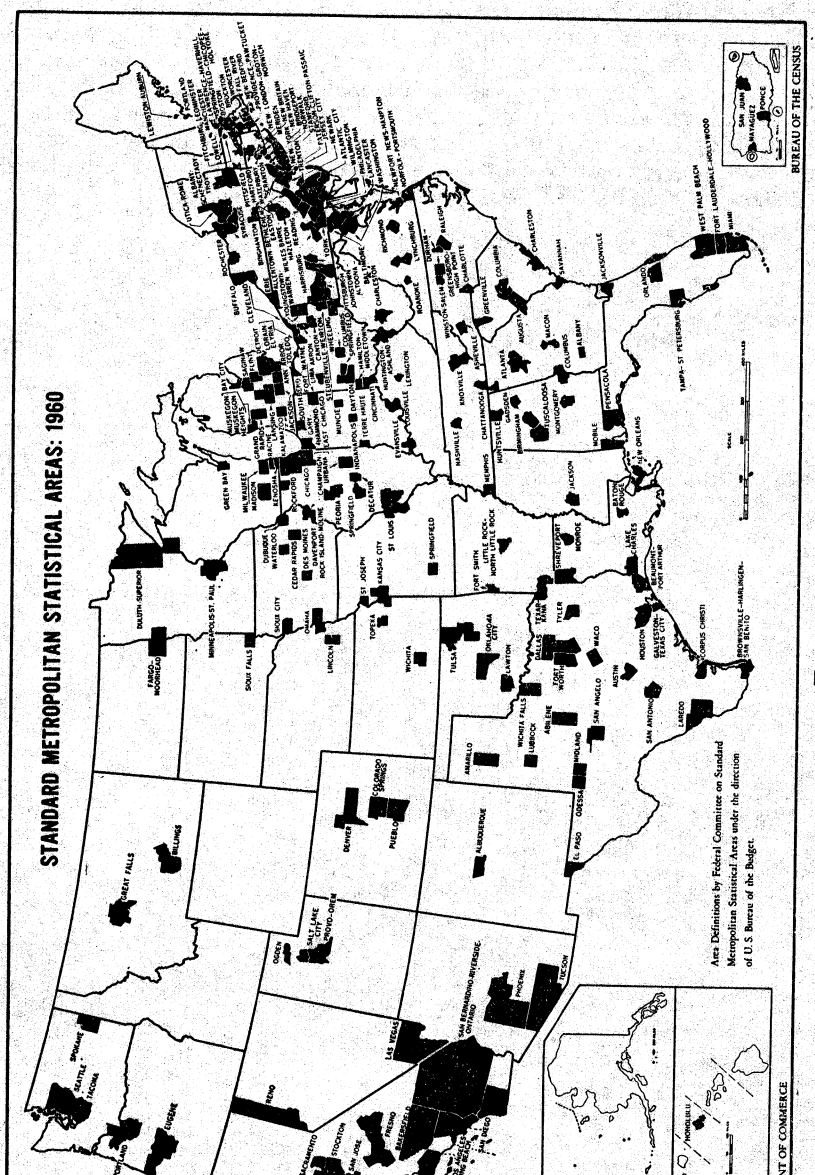
STANDARD METROPOLITAN STATISTICAL AREAS: 1960
Area Definitions by Federal Committee on Standard Metropolitan Statistical Areas under the direction of U.S. Bureau of the Budget.
DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS

FIGURE 1

Chapter II

PEOPLE AND GOVERNMENTS IN METROPOLITAN AREAS

The metropolitan areas of the United States, taken as a whole, present a picture of unparalleled affluence and surging growth. A closer look reveals great diversity within these areas: poverty as well as affluence, decline as well as growth. The mixture of people and activities in metropolitan areas can be invigorating, making available a range of cultural, educational, and employment opportunities; it can also be a divisive factor giving rise to interest groups that compete for influence and public resources.

Diversity also characterizes the structure of local government in these areas. More than 18,000 units of government—counties, townships, municipalities, school districts, and special districts—are responsible for public policies and services in the 212 metropolitan areas counted in the 1960 census.

The sheer growth of population and jobs in metropolitan areas has generated vast demands for public services and other governmental action. But the uneven distribution of different population groups and employment centers has produced significant social and economic disparities within metropolitan areas. At the same time, a highly fragmented system of local government has emerged. Together, these trends severely limit the ability of local governments to meet the needs of current metropolitan growth. Metropolitan problems result not only from the broad patterns of urban change but also from the complexities of social and economic disparities and governmental structure. Three subjects—people, economic resources, and government organization—are thus basic determinants of government performance in metropolitan areas, and will be surveyed in this chapter.

Who Lives in Metropolitan Areas?

The magnetic power of metropolitan areas to attract population can be seen in the fact that most Americans now choose to live in these areas, and that virtually all new population growth has been concentrated there. The 1960 Census of Population found nearly two-thirds of the entire population of the United States living in metropolitan areas—112.9 million persons of the nationwide total of 179.3 million.[1] The 212 areas recognized as metropolitan in 1960 accounted for 84 percent of all the increase in the Nation's population during the 1950–60 decade. For these areas, the growth was 23.6 million persons, or 26 percent, while the population of the remainder of the country rose only from 62 to 66.4 million, an increase of 7 percent. Similarly, during the previous decade, 1940–50, these 212 areas

[1] U.S. Bureau of the Census, Report PC(S1)–1 of the *1960 Census of Population*, p. 7. Except as otherwise cited, the other population figures reported below are also from this source.

had accounted for nearly 80 percent of the total population growth of the United States. In the past two decades, accordingly, the 212 areas now recognized as metropolitan have increased 55 percent in population, from 72.8 to 112.9 million persons, while the population of the rest of the United States has grown only 11 percent, from 59.3 to 66.4 million persons.

In three of the four broad geographic regions of the United States, a majority of the entire population lives in metropolitan areas, as indicated by figures from the 1960 Census of Population in table 1. Metropolitan areas account for more than two-thirds of the total population in 17 of the 50 States; and for one-half to two-thirds in another 9 States. Table 2 ranks the States in terms of the proportion of all their people who lived within metropolitan areas in 1960.

TABLE 1.—*Metropolitan population by region, 1960*

Region	Population (in millions)			Percent in SMSA's
	Total	In SMSA's	Outside SMSA's	
Northeast	44.7	35.3	9.3	79.1
North central	51.6	31.0	20.7	60.0
South	55.0	26.4	28.5	48.1
West	28.1	20.1	7.9	71.8

Source: U.S. Bureau of the Census, *Census of Population: 1960*, vol. 1, "Characteristics of the Population," pt. A, "Number of Inhabitants," table 18.

TABLE 2.—*Metropolitan population by State, 1960*

	Percent in SMSA's
District of Columbia	100.0
California	87.7
New York	86.6
Massachusetts	86.3
Rhode Island	86.2
Connecticut	79.9
Maryland	79.8
Illinois	79.6
Hawaii	79.1
New Jersey	78.9
Pennsylvania	78.8
Michigan	76.2
Ohio	75.0
Utah	74.7
Nevada	74.2
Arizona	71.4
Delaware	68.9
Colorado	68.0
Florida	65.6
Texas	63.7
Washington	63.1
Missouri	60.1
Louisiana	53.7
Indiana	52.3
Virginia	51.6
Minnesota	51.2
Oregon	50.4
Alabama	49.1
Tennessee	47.6
Wisconsin	47.3
Georgia	46.0

TABLE 2.—*Metropolitan population by State, 1960*—Continued

	Percent in SMSA's
Oklahoma	45.9
Kansas	39.1
Nebraska	38.4
South Carolina	35.8
Kentucky	34.8
Iowa	33.2
West Virginia	30.9
New Mexico	27.6
North Carolina	25.5
Arkansas	23.0
Montana	22.6
Maine	21.6
New Hampshire	19.2
Idaho	14.0
South Dakota	12.7
North Dakota	10.6
Mississippi	10.2
Alaska	0
Vermont	0
Wyoming	0

Source: Derived from U.S. Bureau of the Census, *Census of Population: 1960*, vol. 1, "Characteristics of the Population," pt. A, "Number of Inhabitants," table 18, using SMSA's as defined on Oct. 18, 1963.

In the United States as a whole, only about half the people in metropolitan areas—58 million out of 112.9 million—lived within the central cities in 1960. Most of the population growth of metropolitan areas between 1950 and 1960 took place in suburban territory. In fact, if 1950 municipal boundaries are held constant, the central cities altogether showed a population rise of only 767,000, or 1.5 percent, during the 1950–60 decade. Territory added to some of these cities by annexation gave them another 4.9 million inhabitants in 1960, so that their total increase of population during the decade was 5.6 million, or 10.7 percent. Meanwhile, the "fringe" portion of the metropolitan areas showed a population growth of 17.9 million, or 48.6 percent—which was in addition to the shift to the central cities, during the decade, of formerly outlying territory having 4.9 million inhabitants in 1960.

Individual metropolitan areas vary tremendously in size. Three such areas have more than 5 million inhabitants each; at the other extreme are 22 areas with fewer than 100,000 inhabitants apiece. The 1960 Census of Population showed marked recent population growth for every size group of metropolitan areas, as indicated in table 3.

TABLE 3.—*Population growth, 1950–60, by size of metropolitan area*

SMSA population	1960 population (in millions)	Percentage of population growth, 1950–60
3,000,000 or more	31.8	23.2
1,000,000 to 3,000,000	29.8	25.0
500,000 to 1,000,000	19.2	36.0
250,000 to 500,000	15.8	25.6
100,000 to 250,000	14.5	25.8
Under 100,000	1.8	24.4

Source: U.S. Bureau of the Census, *Census of Population: 1960*, vol. 1, "Characteristics of the Population," pt. A, "Number of Inhabitants," table 2, p. XXVI.

Altogether, recent trends and current developments suggest that by 1980 the United States will have a population of about 260 million, with approximately three-fourths of this number then residing in metropolitan areas—more than 190 million people.

WHERE THE WEALTH IS

Cities have traditionally been regarded as places that offer exceptional opportunities for economic advancement. Today the metropolitan area, rather than the central city alone, has become the locus of jobs and economic activities that sustain the rapidly growing population. Economic resources are highly concentrated in the metropolitan areas of the United States—even disproportionately concentrated, relative to the metropolitan share of national population. In 1960, when some 63 percent of the people were living in metropolitan areas, these areas accounted for 78.6 percent of all bank deposits in the United States.[2] And in 1958, metropolitan areas accounted for more than three-fourths (76.8 percent) of the value added by manufacture, contained 67.2 percent of the country's manufacturing establishments, accounted for 73.8 percent of the total number of industrial employees, and 78.5 percent of all manufacturing payrolls. Of the total amount of value added by manufacture in that year, 55.2 percent was attributed to 40 major metropolitan areas, in which 52 percent of all industrial establishments were located with 62.8 percent of industrial employees and 57.1 percent of the payrolls.[3]

As of 1961, property in metropolitan areas accounted for more than 69 percent of the Nation's taxable assessed valuation. Analysis of the gross assessed value of locally assessed real estate by class of property indicates that the more valuable residential, commercial, and industrial properties comprise a significantly larger portion of the property tax base in metropolitan areas than outside (table 4).

TABLE 4.—*Distribution of taxable property, 1961*

Class of real property	Percent of taxable assessed valuations	
	Within SMSA's	Outside SMSA's
Residential	63.7	42.9
Acreage and farms	3.5	32.8
Commercial and industrial	29.7	18.6
Other	3.1	5.7
Total	100.0	100.0

Source: U.S. Bureau of the Census, *Census of Governments: 1962*, vol. II, "Taxable Property Values," table 4.

The levels of wealth and economic activity within metropolitan areas would suggest that economic resources are readily at hand to finance the growth of these areas and to cope with their problems. Yet these resources are unevenly distributed and therefore are not

[2] Federal Reserve System, "Distribution of Bank Deposits by Counties and Standard Metropolitan Areas," December 1960.

[3] U.S. Bureau of the Census, *1958 Census of Manufactures* (information pertains to the 188 metropolitan areas then designated).

necessarily available to those parts of metropolitan areas that are most in need. Aggregate information for all metropolitan areas, or for a single area in its entirety, is suggestive but does not tell the whole story. A closer inspection is needed to determine the distribution of people and of economic resources within metropolitan areas.

Social and Economic Disparities

A basic distinction within metropolitan areas is that between the central city and the suburbs. Typically, these are very different kinds of communities. On the one hand, the word "city" suggests bustling streets with a mixture of factories, offices, apartments, and homes crowded together amidst heavy traffic, noise, dirt, and excitement. "Suburb" conveys an impression of a uniformity of quiet, tree-lined streets, with spacious lawns between single-family houses, two cars in every garage, sprawling shopping centers, cleanliness, quiet, and monotony. Governmental differences also abound. While the central city is usually governed by a single, tightly organized "strong-mayor" system, the suburbs are governed by many relatively small units, including numerous special districts, as well as by counties that continue to reflect a rural orientation. These differences imply that the city dweller and the suburbanite are very different sorts of persons, with divergent tastes, attitudes, needs, and social and economic status.

Politically, differences are apparent in the conflict between central cities and their surrounding suburbs, conflict which is often highly articulated in the State legislatures. The two kinds of communities compete there for shared tax revenues; for financial aid for schools, welfare programs, and highways; for legislation which may benefit one metropolitan segment more than the other. Cities and suburbs confront each other directly at the local level in arguments over who is subsidizing whom in matters of transportation services, zoning policy, health and welfare services, water pollution, and so on. It often seems that the only common meeting ground lies in their reluctant partnership as the two halves of a statistical identity—the metropolitan area.

This competition and contention stem in part from a public image that magnifies central city-suburban differences in economic and social characteristics even beyond existing realities. The central city is viewed as the only home of the poor, nonwhite, undereducated, unskilled, unstable, and unhealthy, while the suburbs are assumed to accommodate almost exclusively the happy, healthy, middle class, "average" American family. The very rich, it is believed, live in both places, but they can afford to. While the economic interdependence of these two dichotomous parts is acknowledged (exemplified by the fact that most suburbanites work in the city), a social and political community of interest over the metropolitan area as a whole is frequently denied.

These widely held beliefs about central city-suburban differences have been reinforced by several striking and observable trends of recent population change in the larger metropolitan areas. While the suburbs of these areas have grown rapidly and have attracted a broad cross section of the population, many large central cities lost

population in the 1950's while experiencing a marked change in racial composition. The facts of recent population change in the large cities suggest that the people of metropolitan areas are becoming increasingly distributed along economic and racial lines. Table 5 portrays the racial composition of recent population growth in the Nation's 22 largest cities—those with a 1960 population of 500,000 or more.[4]

To investigate the prevalence and extent of differences between central cities and suburbs in economic, social, and racial characteristis, the Commission undertook a special analysis of data from the 1960 census of population and housing. Census reports were used to find out "who lives where" in terms of the social and economic characteristics of the population. Residence within either central cities or the remainder of the metropolitan area was correlated for persons and families against 10 broad population characteristics: Race, age, mobility status, family composition, education, occupation, employment status, family income, housing characteristics, and commuting patterns.

TABLE 5.—*White and nonwhite population of major cities, 1950 and 1960*

City	Total population		Nonwhite population		Nonwhite as a percent of total population		Percent change in population 1950–60	
	1960	1950	1960	1950	1960	1950	White	Nonwhite
New York	7,781,984	7,891,957	1,141,322	775,516	14.7	9.8	−6.7	+47.2
Chicago	3,550,404	3,620,962	837,656	509,437	23.6	14.1	−12.8	+64.4
Los Angeles	2,479,015	1,970,358	417,207	211,585	16.8	10.7	+17.2	+97.2
Philadelphia	2,002,512	2,071,605	535,033	378,968	26.7	18.3	−13.3	+41.2
Detroit	1,670,144	1,849,568	487,174	303,721	29.2	16.4	−23.5	+60.4
Baltimore	939,024	949,708	328,416	226,053	35.0	23.8	−15.6	+45.3
Houston	938,219	596,163	217,672	125,660	23.2	21.1	+53.1	+73.2
Cleveland	876,050	914,808	253,108	149,544	28.9	16.3	−18.6	+69.3
Washington	763,956	802,178	418,693	284,313	54.8	35.4	−33.3	+47.3
St. Louis	750,026	856,796	216,022	154,448	28.8	18.0	−24.0	+39.9
Milwaukee	741,324	637,392	65,752	22,742	8.9	3.6	+9.9	+189.1
Boston	697,197	801,444	68,493	42,744	9.8	5.3	−17.1	+60.2
Dallas	679,684	434,462	131,211	57,263	19.3	13.2	+45.5	+129.1
New Orleans	627,525	570,445	234,931	182,631	37.4	32.0	+1.2	+28.6
Pittsburgh	604,332	676,806	101,739	82,981	16.8	12.3	−15.4	+22.6
San Antonio	587,718	408,442	43,221	29,545	7.4	7.2	+43.7	+46.3
San Diego	573,224	334,387	44,712	18,364	7.8	5.5	+67.2	+143.5
Seattle	557,087	467,591	46,528	27,167	8.4	5.8	+15.9	+71.3
Buffalo	532,759	580,132	73,388	37,700	13.8	6.5	−15.3	+94.7
Cincinnati	502,550	503,998	109,682	78,685	21.8	15.6	−7.6	+39.4
Honolulu	500,409	353,020	321,548	298,311	64.3	84.5	+226.9	+7.8
San Francisco	740,316	775,357	135,913	81,469	18.3	10.5	−12.5	+66.8

Source: Calculated from U.S. Bureau of the Census, "General Population Characteristics," PC(1)B reports of the *1960 Census of Population.*

Taken together for an individual, these characteristics largely determine how he lives: With whom, in what kind of housing and neighborhood, doing what kind of work, the level of goods and services he can command, the social and economic position he may anticipate for his future. When these characteristics are aggregated and compared for central cities and their surrounding areas, they present a composite sketch of the population which provides insights into

[4] For a fuller description of the statistical analysis and a tabulation of results, see *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs* (Washington: Advisory Commission on Intergovernmental Relations, January 1965), app. B, pp. 207–253.

the public needs of the community and the kinds and amounts of governmental services required.

For the 190 largest standard metropolitan statistical areas (SMSA's), the percentage of the population falling into each category in the central city and in the remainder of the SMSA, respectively, was calculated. The remainder of an SMSA, after subtracting its central city, is referred to hereafter as suburban for purposes of simplicity. Thus the suburbs, in this analysis, include a number of outlying cities and older communities.

The degree of central city-suburban disparity in each metropolitan area was expressed as the difference between the proportion of central city residents having certain characteristics and the proportion of suburban residents having the same characteristics. These differences were then correlated statistically with six major characteristics of metropolitan areas in general: Region, size, population dispersion, rate of population growth, percent of nonwhites, and economic base as measured by rate of employment in manufacturing, trade, and finance and services.

Summary of Disparities

The results of this statistical analysis reveal the extent of disparities between the central city and suburbs for each population characteristic in each metropolitan area, the kinds of metropolitan areas in which disparity patterns are similar, and under what circumstances disparity patterns vary. The strongest conclusion to be drawn from the analysis is that very few meaningful generalizations about economic, social, and racial disparities can be applied to all metropolitan areas. For a number of population characteristics, the differences among metropolitan areas are far larger than the differences between central cities and their surrounding area. For most characteristics, it is possible to generalize about disparities only for particular kinds of metropolitan areas.

The classic dichotomy of the poor, underprivileged, nonwhite central city contrasted with the comfortable white suburb does not hold true throughout the country. While racial disparities are large everywhere, the other elements of the dichotomy—education, income, employment, and housing—fit the stereotype consistently only in the large metropolitan areas and those located in the Northeast.[5] The Northeast includes 41 of the 190 standard metropolitan statistical areas studied, and outside of that region there are 39 metropolitan areas with populations over half a million. For the remaining 110 metropolitan areas, this dichotomy does not generally apply.

In the small and medium sized metropolitan areas outside the Northeast, some elements of both high and low socioeconomic status tend to be equally prevalent in both central cities and suburbs, while other low status characteristics predominate in the suburbs and some high status characteristics are more significant in the central cities. In many metropolitan areas of the South and West, poverty, especially among nonwhites, is more typical of the suburbs than the central city.

[5] See also Leo F. Schnore, "The Socio-Economic Status of Cities and Suburbs," *American Sociological Review*, XXVIII (February 1963), pp. 76–84.

These generalizations about region and metropolitan size must be further modified by considering population dispersal and relative size of the nonwhite population. Disparities in all regions and size groups tend to be exaggerated in metropolitan areas where a high proportion of the total population lives outside the central city. While central cities are more likely to contain disadvantaged groups of the population, suburbs in highly suburbanized metropolitan areas, rather than being wealthy as in the large and Northeastern SMSA's, are likely to represent the large middle class. Where nonwhites constitute an important element of the total metropolitan population, the classic disparity pattern occurs in the North, but in the South and West the pattern runs the other way—high socioeconomic status in the cities and lower status outside.

In addition to modifying the simplified notion of uniformly low socioeconomic status in the cities and high status in the suburbs, the analysis demonstrates a lack of significant central city-suburban disparity in some unexpected cases. One of the most surprising findings has to do with education. On the whole, cities and suburbs show little difference in the proportion of their adult populations with less than 4 years of high school—an inadequate education by today's standards—or in their high school dropout rates. Undereducation of youth and adults is an equally serious problem in both urban and suburban segments of most metropolitan areas.

Significant central city suburban differences may be summarized by a series of successively modified lists,[6] presented according to metropolitan area characteristics:

Central city proportion higher	Equivalent proportions	Suburban higher
In SMSA's in general, all regions and sizes		
Elderly; unrelated individuals; broken families with children; clerical and sales workers; household and service, total and nonwhite; working wives; unemployed; nonwhite movers; nonwhites.	Ages 10 to 44 total and nonwhite; nonwhite craftsmen; education; dropouts.	Young children; migrants, total and nonwhite; families with children; craftsmen; upper middle renttals; commuters; highest nonwhite housing values (except South).
In addition to the above, in large SMSA's in all regions		
Nonwhite clerical and sales; unsound rentals; low income.	----------	Upper middle nonwhite housing values; highest rentals.
In small SMSA's, all regions		
College graduates; professional and technical; managers; household and service, total and nonwhite; income over $8,000; highest housing values; upper middle nonwhite housing values.	Movers, between 1955–60; nonwhite clerical and sales; unemployment; highest rents.	Undereducated; operatives; middle income; unsound rentals.
In SMSA's with a high percentage of nonwhites, irrespective of region, size, or population dispersal		
Nonwhite age 30 to 44; nonwhite movers; broken families with children; household and service workers; unemployed.	----------	Families with children; craftsmen; migrants.

[6] Reference is to total population unless the characteristic is prefixed by "nonwhite."

Significant economic and social disparities do indeed exist among central cities and suburban communities. However, these disparities vary from region to region and from one metropolitan area to another. Almost everywhere the proportion of nonwhites in the central city is higher than in the suburbs, and the most striking central city-suburban differentials, outside the South, are found where nonwhites are concentrated. Likewise, proportions of elderly persons and broken families with children are much larger in the central city than in the suburbs.

This statistical analysis of central cities and suburbs reveals that population components are similar in many more respects than casual observation indicates. The important differences vary primarily according to metropolitan area size, regional location, and extent of suburbanization. There is a definite community of interest between central cities and suburbs where they share an equivalent burden of social problems, as in the case of high school dropouts. On the other hand, other problems, such as education for poor nonwhites, are primarily the concern of central cities in the North and the suburbs in the South and West. Finally, some issues are primarily suburban in their impact, such as substandard, owner-occupied housing.

Governing Metropolitan Areas

The distribution of different groups of people tends to divide metropolitan areas into many subcommunities with distinct social and economic characteristics. Cutting across this division into social groupings is another network that also divides metropolitan areas into many small and separate units: the pattern of local government. The public business of metropolitan America is carried on by a myriad of governments—cities and towns, counties, school districts, and special districts responsible for such diverse functions as fire protection, utility service, port development, and even cemetery management. And the current trend in metropolitan areas is toward still greater proliferation of local governments.

The 1962 Census of Governments enumerated 18,442 independent governmental units within the 212 metropolitan areas. Table 6 summarizes 1962 data on local governments, by type, within and outside of metropolitan areas.

The average number of independent units of government per metropolitan area is 87. This average covers a wide range, from 24

Table 6.—*Distribution of local governments, 1962*

Type of government	United States, total	Within SMSA's	Outside SMSA's	Percent in SMSA's
All local governments	91,186	18,442	72,744	20.2
School districts	34,678	6,004	28,674	17.3
Other	56,508	12,438	44,070	22.0
Counties	3,043	310	2,733	10.2
Municipalities	18,000	4,144	13,856	23.0
Townships	17,142	2,573	14,569	15.0
Special districts	18,323	5,411	12,912	29.5

Source: U.S. Bureau of the Census, *Census of Governments: 1962*, vol. V, "Local Government in Metropolitan Areas," p. 2.

for SMSA's of less than 100,000 population up to 301 for SMSA's of a million or more. The Chicago metropolitan area leads the Nation with 1,060 local governments. Metropolitan areas, with 23 percent of the Nation's municipalities, contain all cities of 50,000 or more and over half of those with 25,000–50,000 population. Yet half of the municipalities within SMSA's contain fewer than 2,500 people each, and 25 percent of SMSA populations live outside municipalities.

Contrary to a downward national trend in the number of local governments, local units in metropolitan areas increased by 3 percent between 1957 and 1962. Metropolitan areas are leading the rest of the country in municipal incorporations and establishment of special districts, and lagging behind in the reduction of school districts.

Residents of metropolitan areas are typically served by more layers of overlapping local governments than people outside metropolitan areas. The number of municipalities in metropolitan areas increased by 8 percent between 1957 and 1962, compared with 4.5 percent for the country as a whole. This difference results, in large part, from the more rapid growth of population in SMSA's and the concentration of whole new settlements in suburban areas. Changes in the numbers of local governments in SMSA's between 1957 and 1962 are shown in table 7 and figure 2.

Because the 1962 Census of Governments reclassified special districts, it is not possible to determine how much of the dramatic national increase in these units occurred in SMSA's. Metropolitan areas account for 30 percent of all special districts, but they contain 51 percent of water supply districts and 61 percent of sewerage districts.

TABLE 7.—*Changes in local government in metropolitan areas, 1957–62*

Type of local government	Local governments in the 212 SMSA's		Increase or decrease (−) 1957 to 1962	
	1962	1957	Number	Percent
Total	18,442	17,984	458	3
School districts	6,004	7,486	−1,482	−20
Other	12,438	10,498	1,940	18
Counties	310	311	−1	(1)
Municipalities	4,142	3,844	298	8
Townships	2,573	2,607	−34	−1
Special districts	[2] 5,411	3,736	[2] 1,675	45

[1] Less than 0.5 percent.
[2] Including some types of entities not formerly subject to classification as independent governmental units.

Source: U.S. Bureau of the Census, *Census of Governments: 1962*, vol. V, "Local Government in Metropolitan Areas," p. 2.

Reduction in school districts has been taking place at a slower rate in metropolitan areas than in the rest of the country—20 percent between 1957 and 1962, compared with 31 percent in the Nation. This lag reflects the fact that all the reduction took place in districts which enrolled fewer than 600 pupils, and only a small proportion of these are in metropolitan areas. By far the greatest increase in school districts, 81 percent between 1957 and 1962, is in the 12,000 to 25,000 pupil class, and virtually all these are in metropolitan areas.

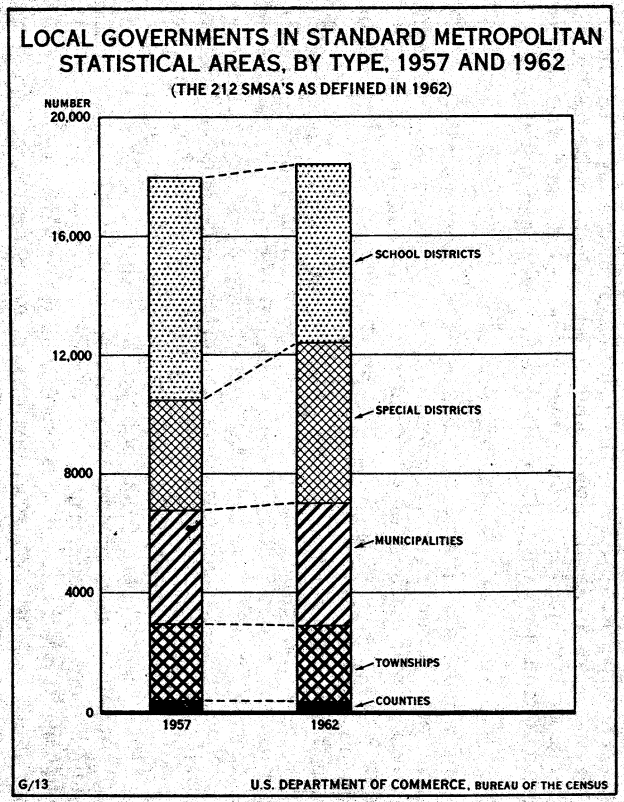

FIGURE 2

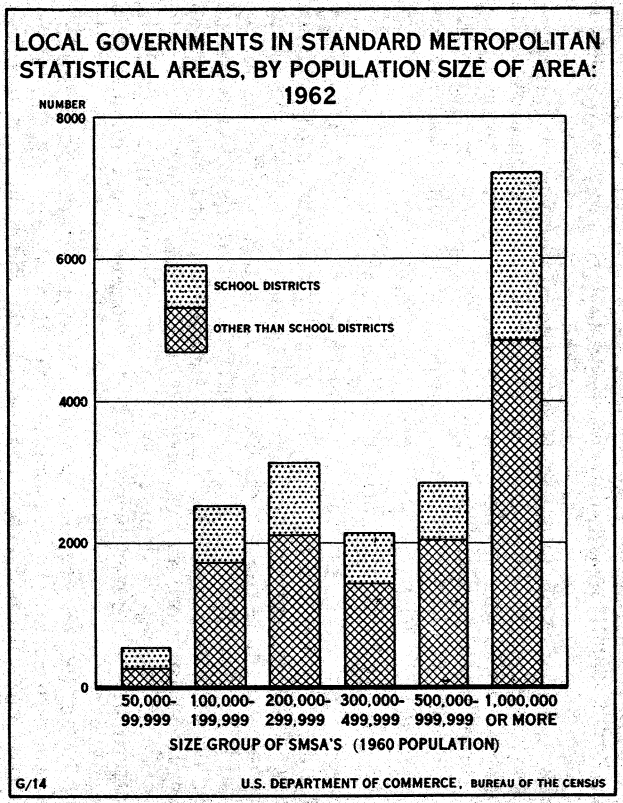

FIGURE 3

Of the 6,600 school systems in metropolitan areas, however, 26 percent enroll fewer than 300 pupils and 14 percent are nonoperating. Thus, many small and inefficient school districts remain in metropolitan areas.

The significance of these trends is that local government in metropolitan areas is unbelievably complex and becoming more so. The typical metropolitan resident is a citizen of several overlapping governments which adopt and enforce laws, regulate activities, and provide services. Lines of responsibility for the public business are unclear, and coordination is difficult.

Tax Resources and Government Expenditures

The concentration of wealth in metropolitan areas has already been noted, but it does not necessarily imply a situation of affluence for local governments within these areas. A basic question concerns the extent to which the economic resources of metropolitan areas are available to local units of government. A further question concerns differences in tax resources within metropolitan areas: Does the fine-grained division of metropolitan areas into many social and economic groupings and many small units of government result in a pattern of rich governments and impoverished governments side by side?

In the aggregate, governments in metropolitan areas appear relatively well to do in terms of the revenues they obtain, but the extent of variation within metropolitan areas is difficult to determine. Studies of metropolitan finance have rarely been based on comprehensive surveys of metropolitan areas and, until the 1957 Census of Governments, comparative analyses were not possible. In addition to the unavailability of data, the complex network of fiscal interrelationships of Federal, State, and local governments, the interrelationships among local governments themselves, and the nature of governmental reviews make analysis extremely hazardous.

EMPLOYMENT

Employment is a useful measure of the resources allocated to various local government functions. The Census of Governments reports this information for governments within and outside metropolitan areas but unfortunately does not provide a central city-suburban breakdown.

In relation to population, local governments within metropolitan areas hire more employees than local governments elsewhere for numerous functions, including police and fire protection, sewerage and other sanitation, parks, libraries, and various other public services. Nevertheless, there are some important offsetting tendencies, especially in local government employment for education. In October 1962, local government employment for education averaged only 119.5 persons per 10,000 population within SMSA's, as compared with 137.2 persons per 10,000 population outside such areas. A similar tendency holds true for highways (11.3 persons per 10,000 population in SMSA's, but 19.4 per 10,000 elsewhere), and for such functions as natural resources, financial administration, and general control. As a net result of these divergent tendencies, average local government employment for all functions was only slightly higher

within SMSA's than elsewhere—on a full-time equivalent basis, 248.1 per 10,000 population in SMSA's and 228.8 per 10,000 outside.

Patterns of local government employment reveal a number of other differences between metropolitan areas and the rest of the country. There is considerably less part-time employment in metropolitan areas. Monthly earnings are higher for local government employees in metropolitan areas than elsewhere for all of the many functions reported. Thus, full-time teachers in public school systems showed an October 1962 average of $589 within SMSA's, as against $461 elsewhere; the respective October average for full-time fire protection employees was $509 and $376; and for water system employees, $440 within SMSA's and $333 elsewhere.

REVENUES

Local governments within metropolitan areas in 1962 accounted for 70 percent of the $38.3 billion of general revenue received by all local governments in the United States. They received 27 percent more per capita revenue (a difference of $48) than local governments outside metropolitan areas. The greatest part of this difference was due to relative reliance on the property tax. Local governments in SMSA's obtained 50 percent of their total general revenues from property taxes, whereas local governments outside SMSA's received 43.6 percent—a difference of $36 per capita. On the other hand, local governments in SMSA's received relatively less in State aids than non-SMSA localities: 24.7 percent and 36.7 percent, respectively, or a difference of $9 per person.

EXPENDITURES

In 1962, local governments in SMSA's spent over $68, or 34 percent, more per capita than local governments outside SMSA's. The types of services associated with urban centers accounted for much of the difference. Public welfare expenditures were $16.13 in SMSA's, $9.78 outside; police protection $12.59 and $5.28; fire protection $7.79 and $2.91; sewerage $8.44 and $3.98; housing and urban renewal $8.69 and $1.61; and parks and recreation $6.43 and $1.77. On the other hand, local government expenditures outside SMSA's were greater than those inside SMSA's for highways ($22.85 compared to $18.46) and almost as great for education ($95.29 outside SMSA's compared to $97.29 inside). Education accounted for 47.7 percent of local governments' expenditures per capita outside SMSA's compared to 36.4 percent inside SMSA's.

TABLE 8.—*Local government revenue, 1962*

	Within SMSA's		Outside SMSA's		United States	
	Per capita amount	Percent	Per capita amount	Percent	Per capita amount	Percent
Total general revenue	$223.78	100.0	$175.06	100.0	$206.36	100.0
Property taxes	111.78	50.0	76.30	43.6	99.09	48.0
Other local taxes	18.41	8.2	5.74	3.3	13.88	6.7
State aids	55.35	24.7	64.29	36.7	58.54	28.4
Other general revenues	38.24	17.1	28.73	16.4	34.85	16.9

Source: U.S. Bureau of the Census, *Census of Governments: 1962*, vol. V, "Local Governments in Metropolitan Areas," table 9.

TABLE 9.—*Local government expenditure, 1962*

	Within SMSA's	Outside SMSA's	United States
Total	$267.05	$199.68	$242.96
Education	97.29	95.29	96.57
Highways	18.46	22.85	20.03
Public welfare	16.13	9.78	13.86
Police protection	12.59	5.28	9.98
Fire protection	7.79	2.91	6.05
Sewerage	8.44	3.98	6.85
Housing and urban renewal	8.69	1.61	6.16
Parks and recreation	6.43	1.77	4.77

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, vol. V, "Local Governments in Metropolitan Areas," table 9.

CENTRAL CITY-SUBURBAN FISCAL DIFFERENCES

More directly relevant to the question of local disparities is an analysis of central city-suburban differences. Harvey Brazer, in a study of the 12 largest metropolitan areas in the country, found that there are substantial differences between the central city and the rest of the metropolitan area in the amount spent per capita, in total, and for separate major functions such as education, highways, and welfare.[7]

Highway expenditures were found to be slightly higher in the suburbs. Rapid population growth requiring large capital outlays for new schools also resulted in higher education expenditures in the suburbs. On the other hand, per capita expenditures for police and fire protection, welfare, health and hospitals, urban renewal, public housing, and sanitation were consistently higher in the central city than in the suburbs of these 12 largest metropolitan areas.

Seymour Sacks, in his studies for Brookings Institution, has analyzed per capita expenditures of the central city and the remainder of the metropolitan area for the 24 largest metropolitan areas of the country.[8] In 1960, these 24 SMSA's had almost 55 percent of the Nation's total metropolitan population of 113 million. As indicated in table 10, expenditures measured both in per capita terms and as a percent of income were almost uniformly higher for the central city than for the remainder of the metropolitan area. Per capita expenditures for the central city averaged slightly over $200, compared with $168 outside the central city.

Because of the complexities imposed by intergovernmental financing, comparison between central city and suburbs within individual metropolitan areas is more significant than an aggregate comparison of central cities (or suburbs) among metropolitan areas. Local fiscal differences between and within metropolitan areas are a result of, among other factors, (*a*) State assumption of responsibility for direct expenditures on such functions as public welfare and highways; (*b*) State aid in financing of education, public welfare, and, to a lesser extent, highways and health; and (*c*) differences in tax bases, especially the extent to which the nonresidential portion of the property tax base is used by local governments.

[7] Harvey E. Brazer, "Some Fiscal Implications of Metropolitanism," in *Metropolitan Issues: Social, Governmental, Fiscal* (Syracuse: Syracuse University, 1962, pp. 61–82.

[8] Seymour Sacks, "Metropolitan Area Finances," paper presented at annual meeting of National Tax Association, November 1963.

Sacks' work to date indicates that the key to an understanding of local government finances in metropolitan areas is the State. In the 24 largest metropolitan areas, differences in local expenditures and taxes are far in excess of differences in income or other socioeconomic characteristics. The principal differences among metropolitan areas are the result of varying levels of State responsibility for direct expenditures and for taxes. Thus State responsibility is the most important determinant of local levels of expenditures and taxes.

The Commission's analysis of economic and social population disparities reveals that these disparities vary significantly by size of metropolitan area and region. Additional research is needed to determine if the higher expenditures in central cities of the largest SMSA's, and the importance of State financial aids, hold true in smaller metropolitan areas as well.

TABLE 10.—*Relationship of local government direct general expenditures to personal income in central cities and outside of central cities for the 24 largest standard metropolitan statistical areas, 1957*

Standard metropolitan statistical area (in descending population size)	Central city			Outside central city		
	Per capita		Percent expenditures to income	Per capita		Percent expenditures to income
	Local government expenditures	Personal income		Local government expenditures	Personal income	
New York	$257	$2,306	11.1	$259	$2,734	9.5
Los Angeles	290	2,541	11.4	202	2,422	8.3
Chicago	203	2,294	8.7	141	2,661	5.3
Philadelphia	165	1,875	8.8	138	2,273	6.1
Detroit	202	2,006	10.0	200	2,261	8.8
San Francisco	224	2,534	8.9	230	2,468	9.3
Boston	273	1,916	14.2	182	2,304	8.0
Pittsburgh	188	1,944	9.7	132	1,945	6.8
St. Louis	147	1,801	8.2	125	2,214	5.6
Washington	234	2,403	9.7	148	2,548	5.8
Cleveland	180	1,856	9.7	186	2,784	6.7
Baltimore	199	2,049	9.7	142	1,869	7.6
Newark	243	1,793	13.6	182	2,748	6.6
Minneapolis	186	2,210	8.4	194	2,174	8.9
Buffalo	193	1,910	10.1	210	2,114	9.9
Hudson	155	2,063	7.5	187	1,934	9.7
Milwaukee	229	2,105	10.9	210	2,550	8.2
Paterson, Clifton, Passaic	156	2,104	7.4	156	2,646	5.9
Seattle	174	2,522	6.8	142	2,132	6.7
Dallas	175	2,216	7.9	118	1,965	6.0
Cincinnati	246	2,040	12.1	118	2,153	5.5
Kansas City	157	2,175	7.2	134	2,158	6.2
San Diego	191	2,302	8.3	189	2,050	9.2
Atlanta	158	1,934	8.2	100	1,853	5.4

Source: Derived from U.S. Bureau of the Census, *Census of Governments, 1957*, vol. III, "Governmental Finances," No. 6, "Local Government Finances in Standard Metropolitan Areas," tables 3 and 4 and *Census of Population, 1960*, "General Social and Economic Characteristics," final report PC (1)–C.

DISPARITIES AND FRAGMENTED GOVERNMENT

It is clear from this review that the metropolis occupies a key position in the social and economic life of the United States. Most of the people and wealth of the country are now found in metropolitan areas, and virtually all future growth is expected to take place in a metropolitan setting. Metropolitan areas have many assets that help explain their prosperity and continued expansion. This survey is not concerned solely with metropolitan resources, however, but

with several factors of prime importance for government performance in metropolitan areas: the distribution of people, economic resources, and the pattern of local government.

Two major themes emerge from this overview: the existence of social and economic disparities which tend to divide metropolitan areas into distinct groupings of people; and the complexity of government structure which also tends to divide the metropolis into diverse local units.

Analysis of data from the 1960 census confirms the prevalence of significant social, economic, and racial disparities which vary in degree and direction between central cities and suburbs according to the characteristics and location of metropolitan areas. The popular stereotype of central cities populated largely by the poor and surrounded by high-status, wealthy suburbs is subject to several important qualifications. There is much truth in this image in the large metropolitan areas and in those of the Northeast, but elsewhere the situation is different. Nevertheless, the disparities found within metropolitan areas indicate a number of gaps between human needs and economic resources in different parts of these areas.

Further constraints on governmental activity are to be found in the pattern of local government. The number of governmental units in metropolitan areas is large and still growing. The organization of government is extremely complex, with considerable diffusion of responsibility and overlapping of jurisdictions. Complexity of the governmental pattern is not a problem in itself, but it may retard the coordination of public services in urban areas and the fixing of clear lines of responsibility for policy.

Information on local government revenues and expenditures provides some insight into the impact of local problems and public efforts to deal with them. Local governments within metropolitan areas receive more revenue per capita than those in the rest of the country, but they depend more heavily on property taxes and other local sources and less on State aid. They also spend more per capita overall, mainly because of a greater need for services that are basically urban, such as police and fire protection and urban renewal and housing. Within metropolitan areas, total central city expenditures per capita are higher than those in the suburbs: Expenditures for education and highways tend to be higher in the suburbs, but most other outlays, particularly for police and welfare, are higher in the core cities.

The actual problems confronting governments in metropolitan areas will be investigated in succeeding chapters. The facts of population disparities, government structure, and expenditure patterns in themselves, however, go a long way toward explaining the conflicts of interest between local governments with different needs and varying resources. At the same time, they suggest the need for measures to overcome the frequent gaps between local needs and resources, such as government reorganization within metropolitan areas and assistance from the States and the Federal Government.

Chapter III

PROVIDING URBAN SERVICES: THE CASE OF WATER SUPPLY AND POLLUTION

The rapid development of metropolitan areas has brought with it sharply increasing demands for public services. Population growth alone has meant that there are more schoolchildren, more commuters, and more households requiring public services than ever before. But the accelerating demand reflects more than a simple increase in the number of people. In addition to population growth, there has been a vast outward movement of people to fringe areas where public services were formerly not available or were provided only on a limited scale. As a result, new government institutions had to be organized or old ones expanded to provide new school systems, utilities, and other services. Further, this growth has come at a time of rising standards of living for most Americans, and is closely associated with the rising expectations of millions of families who move from rural areas to the cities and from central cities to the suburbs in search of improved living conditions. Rising expectations apply as well to the public sector and create pressures for not only more public services but higher quality public services: better schools, better transportation, better hospitals.

An important test of the adequacy of government in metropolitan areas is its ability to meet the contemporary challenge of population growth, suburban development, and rising service demands. Local governments provide a broad range of services. Fifteen different functions account for more than 85 percent of direct general expenditures by local governments in the United States: Education, police and fire protection, transportation, water supply and sewage disposal, welfare, hospitals and medical care facilities, housing, urban renewal, libraries, parks and recreation, planning, health, refuse collection and disposal, and air pollution control.

The impact of metropolitan development extends to all these functions, and an adequate level of performance implies meeting increasing needs across this entire range of services. Although the overall performance of the governmental system is difficult to assess, a useful evaluation can be made by looking closely at the way in which rising demands for one particular service have been handled within metropolitan areas. The effects of new service demands upon a complex structure of local government are nowhere clearer than in the case of water supply and the closely associated function of sewage disposal. It is well within the technical and economic capacity of our metropolitan areas to develop dependable sources of pure water and to make reasonable provision for disposing of liquid wastes. Yet chronic water shortages, problems with the quality of drinking water, and polluted rivers and streams continue to plague cities and suburbs throughout the country. The inadequacy of strictly local approaches,

fragmented governmental responsibility, lack of coordinated planning, and conflicts of interest between different groups of water users are all significant issues. Several guidelines for general improvements in government performance emerge from a consideration of water and sewage problems.

Standards for Government Performance

Before examining the case of water supply, it is relevant to consider a number of "ideal" criteria for evaluating the performance of governmental functions in metropolitan areas. The Commission has proposed a number of economic, administrative, and political criteria for judging the allocation of governmental responsibility for performing urban functions. These criteria do not judge governmental performance solely from the point of view of the adequacy of public services. They are concerned not only with providing public goods and services efficiently, but also with resolving conflicting interests and assuring democratic control of government within a realistic legal and political context.

The first two criteria are essentially economic:

(1) The governmental jurisdiction responsible for providing any service should be large enough for the benefits from that service to be received primarily by its own population. Neither the benefits from the service nor the social costs of failing to provide it should "spill over" into other jurisdictions. For example, the central city should not be expected to pay all of the very high capital costs of constructing a subway system which primarily benefits the suburban commuter.

The difficulties in satisfying this criterion are immediately apparent. First, spillovers of social benefits and costs, such as those resulting from health inspection or traffic control, cannot always be identified. Second, even when they can be identified, it is frequently not feasible to enlarge the jurisdiction to eliminate spillovers. Third, many functions involve subfunctions for which the amount of intercommunity spillover varies. Thus, within the total service of a parks and recreation department, play lots have a much narrower benefit area than large recreation parks. In the promotion of public health, the benefits of dwelling inspection might be more localized than those of immunization.

(2) The unit of government should be large enough to permit realization of the economies of scale. For example, it costs $58 per million gallons to provide primary sewage treatment in a million-gallon capacity facility, but less than half this amount in a 10-million gallon capacity facility. Often a small community finds it uneconomical to build a refuse incineration plant because the large investment required involves a unit cost of output higher than the citizenry is willing to pay. The reduced unit cost from enlarged production would make it worthwhile to enlarge the service area by taking in more customers, at least up to the point of maximum use of the plant capacity.

Economic efficiency is only one of the criteria germane to the allocation of a particular function. Political, administrative, and social considerations must also bear heavily in such a determination. The remaining five criteria for judging the proper scale of performance are intended to reflect these considerations.

(3) The unit of government carrying on a function should have a geographic area of jurisdiction adequate for effective performance, as illustrated by the desirability of a sewage disposal system's conforming to a natural drainage basin.

Some functions by their very nature dictate the area that is adequate for effective performance. Boundaries of municipal jurisdictions often bisect watersheds and drainage basins that water supply and sewage disposal systems depend upon. Mass transit lines and highways need to cross jurisdictional boundaries at will so that bridges will not be halted in midstream and six-lane super highways will not feed into country lanes. Air pollution is no respecter of legal boundaries and its effects can be controlled only by large area action.

Some functions are intimate by nature, such as the relationship between client and welfare caseworker, or pupil and teacher. For effective immediate performance only a small area may be necessary, but adequate planning and financing may determine that a much larger area is necessary. In other words, while it is always pleasant, often desirable, and sometimes possible to preserve neighborhood and small community areas for the boundaries of governmental functions, it may be necessary to follow natural boundaries or to expand geographic coverage to insure a real adequacy to perform particular functions.

(4) The unit of government should have the legal and administrative ability to perform services assigned to it. If it is going to provide modern health protection, for example, it needs to have both adequate regulatory authority and the ability to attract and hold a trained staff capable of administering a public health program.

The government also needs an adequate financial base to perform assigned services. In many instances a municipality does not have financial resources because of the original basis of its incorporation. Incorporators who want to maintain the residential character of an area may purposely draw boundaries to exclude an industrial area and potential tax source: or a community may make tax concessions—and later regret them—in order to attract a business. Older municipalities may have a decreasing financial base because of declining industry and population. Other problems are raised by tax and debt limitations placed on local governments by the State.

(5) Every unit of government should be responsible for a sufficient number of functions so that its governing processes involve a resolution of conflicting interests and a balancing of governmental needs and resources. In assigning individual functions to different governments, there is a danger of creating so many separate entities as to result in undemocratic, inequitable, and inadequate assignment of priorities. Elected officials should be responsible for setting priorities and allocating public resources for a broad variety of functions.

Different services and levels of services are considered essential by various interests and social groups. If government is to resolve conflicts of interest between the poor and the wealthy, white-collar and blue-collar families, the overpragmatic politician and the head-in-the-clouds planner, it must have a sufficient range of responsibilities so that it can work out sensible and acceptable compromises.

In addition, broad scope for every government is important because services depend upon one another. Highway systems influence the

demand for mass transit. The street pattern regulated by subdivision control has a bearing on the placement of waterlines and school buildings. School locations are involved with aspects of police protection, fire prevention, and public health programs. If one authority controls sewage and water, another streets, and a third transit, they may operate at cross-purposes. School boards that build schools on secondary streets without regard to overall planning of traffic patterns may defeat their own goals as well as those of the traffic engineer.

(6) The performance of public functions should remain subject to public control. This is an essential condition of responsible government and one that is often violated by creating special districts whose decisionmaking power and purse strings are not subject to direct control by the voters.

(7) Functions should be assigned to a level of government that provides opportunities for active citizen participation and still permits adequate performance. This is another standard for keeping government sensitive to the wishes of its citizens, as well as a way of attracting community talent into positions of leadership.

Applying the Criteria

An analysis of governmental functions to determine the optimum area for their administration runs into several complications. First, the major urban functions of government are not homogeneous and indivisible. Each function, whether education, libraries, or air pollution, consists of a number of subfunctions or specializations which must be examined individually. For example, police administration includes foot and car patrol, traffic regulation, and crime prevention, each of which may be performed at a different geographic and jurisdictional level.

The second complication is that each function must be viewed from at least four different time phases of administration: planning, decisionmaking, actual administration or execution, and evaluation. For example, there could be areawide planning and agreement on minimum air pollution standards for the entire metropolitan area, but each municipality might retain responsibility for financing and administering an enforcement program with discretion to enforce a higher standard at its own option. Although certain subfunctions and certain phases of the urban functions studied can be administered adequately on a local basis, almost all would benefit substantially from some form of areawide coordination, particularly in the planning phase.

A third complication stems from the already heavy involvement of State and Federal Governments. Hardly any urban service is performed purely by a local government. To varying degrees, State or Federal Governments or both are involved. Indeed, State and Federal Governments may be influential in determining which jurisdiction—local, areawide, or intermediate—shall perform a function. For this reason, the analysis of urban functions must include attention to the roles of State and National Governments.

Finally, decisions as to the most suitable jurisdiction for performing any particular function will be affected by the jurisdictional

allocation of other functions. The technology, personnel, and clientele of two or more functions may be so closely related that there are real advantages in having the functions performed by the same jurisdiction, even though other considerations might suggest a different arrangement.

In applying these standards, the Commission arrived at a rough ranking of the 15 major urban functions in terms of their appropriateness for local or areawide handling for optimum performance. In an order of "most local" through "most areawide" in character, the functions were ranked as follows: fire protection, public education, refuse collection and disposal, libraries, police, health, urban renewal, housing, parks and recreation, welfare, hospitals and medical care facilities, transportation, planning, water supply and sewage disposal, and air pollution control.

The application of these or similar standards for effective administration of urban functions implies that the existing local government structure labors under handicaps. Political realities, however, preclude shattering the existing system in order to remold it in conformity with an ideal model. That line of action is not feasible and may not even be desirable. Many useful steps can be taken within the present governmental framework by revising arbitrary and outmoded restrictions and making bold use of such tools of intergovernmental relations as metropolitan planning, interlocal contracting, standards to control new incorporations, annexation laws, and areawide agencies or contractural arrangements.

Water and Government

Measured against these standards for the performance of urban functions, the handling of water supply and sewage disposal illustrates both the complexity and the shortcomings of many governmental arrangements in urban areas. From the earliest times, governments have been concerned with developing and regulating community water supplies. Today public agencies at all levels in the United States are involved in water resource planning, policymaking, and administration. Local governments have prime responsibility for municipal water supply and waste disposal. The States activities focus on allocation, regulation, and facilitation of local activity. In addition some States recently have been giving attention to overall water resources planning and the development of water projects which are beyond the capabilities of the local units. The Federal Government has been responsible for most multipurpose river basin developments. Federal agencies also loom large in navigation, flood control, irrigation, sewage treatment assistance, pollution control and, more recently, in water use for recreational purposes.

Government at all levels, regardless of the particular role of an individual agency, is faced with the constant problem of balancing and adjusting the claims of various interests—urban, industrial, agricultural, navigation, flood control, conservation, and recreation—in the allocation, regulation, and development of a scarce resource. Conflicts arise because of competing demands for different uses of water. Should water in an arid Western State be diverted from irrigation to meet mounting urban needs? Can Chicago divert Lake Michigan

water for its sewage treatment requirements and possibly imperil shipping interests throughout the Great Lakes? Should New York City be permitted to tap the headwaters of the Delaware River to the possible detriment of downstream industrial users?

Other conflicts concern water allocation to similar groups of users. Within metropolitan areas, there is competition for sources of both surface and ground water as well as for streams to carry away sewage effluents. Such competition is often centered in suburban areas whose limited resources make them heavily dependent on nearby surface or ground water supplies. Also on the increase are conflicts for water between different metropolitan areas. Thus Dallas and Fort Worth, rivals on many issues, have united to resist the efforts of Houston to tap a river considered vital to future development of the Dallas-Fort Worth area.

Most of these conflicts are not merely the result of inadequate communications or a failure to plan. In most areas where such conflicts arise, there are not sufficient quantities of water at comparable prices and quality to supply all users. The stakes for the contestants in terms of protecting investments and insuring future development are tremendous. Competition for the use of existing supplies of water will always exist; it is not likely to be eliminated through indefinite expansion of supply or through the perfection of planning and administrative devices.

Often there is a facile assumption that if planning were intensified, the structure of decisionmaking overhauled, and intergovernmental responsibilities more carefully specified, consensus and solutions would follow with ease. Such hopes are usually unfounded. Only rarely will a plan or policy for water use appeal to all parties. To the contestants in water politics, each level of government is a different arena, with varying advantages and disadvantages for different participants and the resolution of differing issues.

It is unrealistic to expect even the best governmental procedures to eliminate conflicts between different interest groups. If governments are to provide needed services, however, they must be able to cope with conflict, mediate between different interest groups, and reach acceptable compromises as a basis for action. Governmental arrangements are deficient if they fail to consider relevant interests when decisions are made, or if they lead to inaction in the face of legitimate needs. Examples of both these situations occur with disappointing frequency in the case of water supply and sewage disposal.

The National Water Problem

The total quantity of water available in the United States is constant. For centuries, 30 inches of annual rainfall have been producing an average of 4,300 billion gallons of water per day. Approximately 14 percent of this water, about 600 billion gallons per day from both surface and ground sources, is usable.

The demands placed upon this constant supply have mounted steadily. In 1900 less than 8 percent of the 600 billion gallons per day was needed for all water uses. Today's requirements exceed 300 billion gallons per day. Less than 10 percent of this water is used in urban areas. Municipal water use averages about 147 gal-

lons per capita per day. Of this, 41 percent is attributable to domestic use, 18 percent to commercial use, 24 percent to industrial use, and 17 percent to public use.[1]

Population growth and increased per capita consumption will push water use even higher in the future. In urban areas, more people, a higher standard of living, new household devices, and industrial developments are likely to boost per capita consumption 25 percent in the next 20 years and perhaps by as much as 60 percent by 2000. Before the end of the century, it is estimated that daily consumption for all purposes will exceed the usable supply.

These projections do not necessarily foretell a national water crisis. By itself, the prospect of demand outrunning total quantity is no cause for alarm, since an increasing amount of water is used more than once. Although some water uses, especially agricultural irrigation, severely deplete water supply, municipal and industrial water uses are not particularly consumptive.

Most of the water used in urban areas serves as a solvent, cleanser, or coolant. These uses affect quality much more than quantity. Except for the seaboard cities which secure their water from virgin sources and discharge it after use into the ocean, municipalities obtain their water from rivers or other fresh water sources which serve other urban areas both upstream or downstream. Pending such technological developments as economical desalinization, which would increase greatly the total quantity of usable water, most of the projected increase in water requirements will be met through reuse.[2]

These national figures and projections conceal tremendous variations in the supplies of adequate water, as well as in the costs of developing, storing, distributing, and treating it, for particular places and uses. The 30 inches of annual rainfall are not equally distributed across the Nation and available supplies are not adequate in all regions. Even proximity to abundant water sources does not guarantee an adequate supply if storage or distribution facilities are deficient or pollution is severe. Further, in urban areas throughout the country water problems tend to be more serious in the new suburbs than in the denser, older sections of the cities.

The requirements for water vary greatly in different parts of the country. There are striking differences in the uses of water in the Western States, where irrigation is the greatest need, as compared with those in the East, where industrial and municipal uses predominate. There is also considerable variation in urban water use. Some cities use as little as 100 gallons per capita daily, others as much as 250 gallons per person per day. In general, municipal per capita consumption is higher for larger, more industrial, hotter, and drier cities.[3]

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[1] U.S. Congress, Senate, Select Committee on National Water Resources, *Water Resource Activities in the United States: Future Water Requirements for Municipal Use,* 86th Cong., 2d sess., 1960, Committee Print No. 7, p. 9.

[2] At present, it appears unlikely that research on desalinization techniques will reduce costs in the foreseeable future to the point where desalting will be economically competitive in most urban areas with the development of fresh water sources or the reuse of river or lake water. In some urban areas, particularly in the arid West, natural sources are saline or development and transportation costs for water are far above average. In these cases, desalinization promises a feasible, although comparatively expensive, alternative to more conventional water supply methods.

[3] U.S. Congress, Senate, Select Committee on National Water Resources, *Water Resource Activities in the United States: Future Water Requirements for Municipal Use, op. cit.,* p. 9.

In the arid West, the key issue in urban water policy is the quantity of water available, but in the East the urban water problem is essentially one of water quality. This statement may come as a surprise to anyone within earshot of the loud complaints of water shortages that have been voiced in the Northeast for the last several years. The water shortage in this part of the country is real, but it must be qualified. As the New York Times noted editorially about the water problems of New York City, "It is ridiculous for a city located on the banks of a river that pours 11 billion gallons of water past it daily to be suffering from a water shortage." [4] The ample water supply of the Hudson River at New York is incredibly polluted. What is in short supply in the East is clean, unpolluted water, and reservoirs and distribution systems to bring it to the cities.

Water quantity and quality are closely related, particularly in the reuse of water. To be suitable for reuse, water must be of adequate quality. While urban uses have a relatively minor effect on the quantity of water, they seriously reduce water quality. Thus water supply and sewage disposal, which developed as separate functions of local government and still are administered separately in most communities, are in effect two phases of the single function of water resource management. This development stems from a number of causes, including: (1) the contiguity of many units of government in urban centers, so that one community's sewage disposal seriously affects another community's water supply; (2) the increasing reliance on the reuse of water because of expanding demand for water; and (3) the great variety of uses of water in metropolitan areas.

The Failure of Local Approaches

The major problems facing local governments stem from their failure to keep pace with the demands of a growing urban population and an increasing per capita rate of water use. This failure has many aspects. Investments have been inadequate, particularly for sewage treatment facilities. Reliance on local responsibility for the supply of water and disposal of sewage has resulted in public health hazards, inefficient development of small facilities, and a failure to achieve economies of scale in utility development. In many suburban areas, development based on individual water and sewerage systems has been a serious problem. Central city contracts with suburban dwellers and agencies for water and sewage disposal services have alleviated some problems, but have failed to extend facilities to newly developing areas.

Inadequate Investment

Many communities in the United States that experience water shortages have access to adequate water supplies, but lack facilities to store and distribute enough water to meet their current or anticipated needs. A recent survey by the American Water Works Association found that in cities with a population of over 25,000, 20 percent reported deficiencies in water main capacity, 33 percent insufficient pumping capacity, 40 percent inadequate capacity, 43 percent too little elevated storage, and 29 percent lacked sufficient ground storage.

[4] "Cleansing the Hudson," (editorial) *New York Times*, Sept. 3, 1965, p. 26.

Inadequate investment is even more critical with respect to sewage treatment facilities. Estimates by various study groups and agencies give a graphic picture of the sewage treatment investment lag. In 1956, the Committee on Public Works of the U.S. House of Representatives estimated that sewage treatment works and interceptor sewers to overcome the 1955 backlog would cost in excess of $1.9 billion. The committee forecast that during 1955–1965 replacement of obsolete sewage treatment facilities would involve another $1.7 billion, and treatment works to meet population increases could be expected to require an additional investment of approximately $1.7 billion.[5] Four years later, in a report prepared for the Senate's Select Committee on National Water Resources, the U.S. Public Health Service found the backlog needs unchanged at $1.9 billion. This study also estimated that $900 million would be required to replace obsolescent facilities and $1.8 billion to handle the wastes of population increments during the period 1958–1965.[6] Early in 1962 the Department of Health, Education, and Welfare called for $6 billion over the next 10 years to eliminate the backlog, replace obsolete units, and serve expected population increases.[7]

In 1960 the backlog involved almost 20 million people living in communities which have never provided treatment for their wastes. Approximately 2,900 new sewage treatment works are needed in these communities. Another 1,100 new plants are required to serve the 3.4 million people in areas with overloaded or obsolete facilities. According to the same estimates, 1,630 additional communities, with a population of 25 million, have treatment facilities, requiring enlargement or modernizing.[8] The Conference of State Sanitary Engineers recently confirmed these findings, reporting that 5,290 communities had inadequate sewage treatment facilities. This need is largely concentrated in small communities. Over 90 percent of the deficiencies reported by the Conference of State Sanitary Engineers were in communities of less than 10,000.[9]

The unwillingness of local communities to increase their expenditures to provide for water and sewer utilities is the crux of the problem of inadequate investment. There is much less resistance to investing local funds in water supply. The investment lag in water storage and distribution facilities is more a product of the lack of construction during World War II and the Korean war, rising costs, material shortages, and rapid population growth than voter resistance. The story is quite different with respect to sewage treatment works, as William L. Rivers noted in the historical context of urban water and sewer development:

> Much of the foot dragging by municipalities can be explained by an axiom of local politics: building a water treatment plant to clean up the water used by voting citizens is almost always easy to accomplish; however, a sewage plant

[5] U.S. Congress, House of Representatives, Committee on Public Works, *Extending and Strengthening the Water Pollution Control Act,* 84th Cong., 2d sess., 1956, H. Rept. 2190, p. 3.

[6] U.S. Congress, Senate, Select Committee on National Water Resources, *Water Resource Activities in the United States: Water Quality Management,* 86th Cong., 2d sess., 1960, Committee Print No. 24, p. 11.

[7] Wilbur J. Cohen and Jerome N. Sonosky, "Federal Water Pollution Control Act Amendments of 1961," *Public Health Reports,* LXXVII (February 1962), p. 111.

[8] U.S. Congress, Senate, Select Committee on National Water Resources, *Water Resource Activities: Water Quality Management, op. cit.,* p. 19.

[9] U.S. Department of Health, Education, and Welfare, Public Health Service, *Problems in Financing Sewage Treatment Facilities* (Washington, 1962), p. 1.

that will treat a community's wastes benefits only the neighboring communities downstream.[10]

The growth of water recreation has heightened public concern somewhat, but its impact is far from universal. For example, in 1961, Peter F. Mattei, executive director of the Metropolitan St. Louis Sewer District, told the Committee on Public Works of the U.S. House of Representatives that the basic problem in St. Louis was in securing the two-thirds majority needed for a general obligation bond issue or the four-sevenths majority required for a revenue bond issue. A large percentage of St. Louis' population is not bothered by the pollution of the Mississippi. No one swims in it, and boating takes place north of the city's discharge points. The only people who suffer are downstream. Under these not uncommon conditions it is a difficult proposition to sell a $100 million bond issue.[11]

The reluctance of local governments to provide water and sewer facilities is greatly reduced, however, when someone else foots part of the bill. Only during the 1930's, when the Federal public works programs were in effect, did water facilities and sewerage construction keep pace with demand. More recently, the handful of State assistance programs for sewage treatment works, the Federal grant program established in the Water Pollution Control Act, and the public facility loans program of the Housing and Home Finance Agency have provided a definite inducement to local investment. More effective and rigorous State, interstate agency, and Federal enforcement of pollution controls—with court action against local governments where necessary—is another factor spurring greater local investments in sewage treatment works. Finally, more inclusive metropolitan arrangements, because they offer economies of scale, provide more permanent solutions, spread construction costs over a broader base, and protect the community from having its efforts undermined by the inaction of a neighbor, have also induced more adequate investments in water and sewer utilities.

FRAGMENTATION AND ITS CONSEQUENCES

Metropolitan water and sewage services are often handled by a series of small, separate governmental units and private companies. In the Sacramento metropolitan area, water supply and distribution are the most splintered of all public functions, with 44 public and 55 private agencies operating independently. Minneapolis-St. Paul and their suburbs have 45 individual water utilities operating without an organizational or operational tie, except for the minimal controls exercised by State agencies. Fifty-six agencies supply or distribute water in Pittsburgh and Allegheny County. This fragmentation for water supply and distribution is concentrated in the suburbs, and parallels a similar pattern for sewage disposal service. In suburban Nassau County in the New York metropolitan area, there are 48 water districts and 41 districts for waste disposal and removal.

Fragmentation in the handling of the sewage function has had an adverse effect on public health in a number of metropolitan areas.

[10] William L. Rivers, "The Politics of Pollution," *Reporter*, XIV (Mar. 30, 1961), p. 34.
[11] U.S. Congress, House of Representatives, Committee on Public Works, *Federal Water Pollution Control Hearings*, 87th Cong., 1st sess., 1961, pp. 43, 48.

Small municipalities and sewer districts often fail to process wastes at all, or treat them only inadequately. Many lack the resources to finance long outfall lines to transport their sewage and effluents to distant points for safe disposal. As a result, water supplies and recreational areas are contaminated by raw or inadequately treated wastes. The lack of coordination also affects resource utilization across local boundaries. Depletion of the ground water reserves because of withdrawals in excess of recharge by separate agencies tapping the water table is a common problem in suburban areas dependent on individual or community well systems.

Another product of fragmentation is the variation found in service and price levels within a single metropolitan area. In Sacramento, for example, the city provides excellent water service to its residents at relatively low cost. In the suburban areas, costly private wells, less effective treatment facilities, and inadequate distribution give the suburbanite lower quality water at higher prices. In Miami, where water has been supplied by 6 municipalities and distributed by 15, the higher administrative and operating costs resulting from this dispersion of responsibility have produced up to 75 percent variation in retail rates for water from the same source. Fragmentation also increases developmental and operating costs. Small systems rapidly become obsolete, particularly in areas where development is not complete when the initial facility is constructed.

Inadequate planning also leads to duplication of facilities. In the Seattle area, a suburban water district spent $1 million for a filtration plant to treat the polluted waters of Lake Washington. Shortly thereafter Seattle spent $1,950,000 to construct a pipeline to supply virgin water from the Cedar River in the Cascades to some suburbs adjacent to the water district. This new pipeline was large enough to meet the needs of the water district which had just invested in the treatment facility for inferior water.

Fragmentation also prevents the sharing of facilities in many areas. In the Pittsburgh area, only 13 of 33 water supply systems have connections with at least one other supplier to meet emergencies and peak hour demands. Similar problems exist in suburban northern New Jersey, where independent municipal, district, and private water systems frequently are not connected, because of the costs involved in making connections or because of cost differentials in the water itself which make interchange unattractive.

THE SUBURBS: THE FAILURE OF INDIVIDUAL SYSTEMS

Without question, the suburbs are the critical aspect of the metropolitan water problem. The lag in investment is concentrated in the suburbs. Except for those metropolitan areas where there are a number of large cities with independent water or sewage systems, fragmentation is almost exclusively a suburban problem, since core cities usually have centralized utility systems.

Suburban water and sewage problems in most metropolitan areas are of postwar origin. Prior to World War II, suburban growth was comparatively slow and orderly. New population and industry usually were served with extensions of city water and sewerage. Reliance on these utilities kept new developments close to areas already

serviced by the city. The postwar booms—in jobs, building, credit, babies, automobiles, and highways—changed the picture entirely. Development soon outran the provision of central city utility services. The demand for land plus the development of seemingly reliable home water and disposal facilities furthered the development of low-cost land which lacked water or sewer systems. Where ground water was readily available and septic tanks could be inexpensively installed, suburban development spread out and leapfrogged. As the process accelerated, it became increasingly difficult for central utility services to provide the newer areas, for the very patterns of development induced by reliance on individual facilities are uneconomic for community systems. The large lots required by suburban regulations in order to provide adequate drainage fields for septic tanks, make community utility development extremely expensive, particularly for sewers.

Individual systems have caused problems in almost every area where they have been employed. About 25 percent of all municipal water is from ground sources; most of this is consumed in the suburbs. Ground water depletion caused by an excess of withdrawal over recharge has caused wells to dry up in a number of suburban areas. Chicago's suburbs, for example, have been extracting 20 percent more ground water than is being replaced through natural processes. Septic tanks have been installed where lot sizes or soil conditions insure that they will fail in a relatively short time. In suburban Lake County, in the Chicago metropolitan area, there is a heavy reliance on septic tanks although 75 percent of the soil in the county is unsuitable for individual sewage disposal systems. When septic tanks fail they can pollute the shallow ground water sources tapped by individual wells. Since 80 percent of all ground water is used without treatment, this process can and does—as in New York's Nassau County, the Virginia suburbs of Washington, D.C., and the outlying portions of the Twin Cities metropolitan area—cause well pollution and serious public health problems. On-site sewage disposal under excessive population densities or inadequate soil conditions also poses threats to water tables tapped by the deeper wells of public and private community systems.

For the homeowner, individual systems usually are a source of inconvenience and expense. Initial installation costs, in a development of any size, are generally higher than those of either a rudimentary community system or a connection to a central system. Upkeep, particularly for septic tanks, is higher than normal sewer use charges, ranging from $40 to $100 a year in most areas. As the system begins to fail, maintenance charges rise sharply. Fire insurance costs reflect the lessened protection available with individual water supply systems. And in most areas, the resale value of a home with individual systems is lower than one with community water and sewer service. Additional outlays inevitably are necessary when wells run dry or become polluted, or when the septic tank no longer works.

Since the homeowner generally is unaware that his original water and waste facilities are temporary, he resists proposals to build a community system until the hazards produce a crisis. Then the inclination is to take the cheapest alternative, usually a small, inefficient community system. Thus the homeowner pays twice for his

water supply, and sometimes three times for sewage disposal, as the small community systems are absorbed into larger, more economical, and more logical collection and treatment systems. There is an inevitable element of civic disillusionment built into this costly process.

Solutions to the problems of development based on individual water systems are available. Stricter enforcement and stringent land development regulations are needed, particularly the adoption and enforcement of performance standards in the following areas: Local and county zoning and health codes, States health and resource use regulations, and Federal mortgage insurance activities at the field level. Another possible approach is the development of metropolitan water and sewer agencies with authority to regulate individual and small community utilities.

Yet in most areas public agencies have tackled the problem only after the inherent shortcomings of individual systems produce crises. Suburban communities still under development have been lax, in part because they fear to discourage builders. In addition, small communities often lack the resources to command trained personnel to enforce regulations. Further, there is a strong tendency in the suburbs to ignore situations which are going to cost money until they reach the peril point. Then the inclination usually is not toward thorough reforms, but to solutions which focus on short-range considerations. For example, in the suburbs of Minneapolis and St. Paul, when it became apparent that well pollution from septic tank effluents was widespread, many communities agreed to permit the State health department to survey wells for pollution only if the information was not released to the press, thus protecting them from adverse publicity. In 45 suburbs in the Twin Cities area, nearly half—22—took no action after being informed that their water supplies were contaminated. Nineteen sought to remedy the situation, in almost every case by contracting with one of the central cities or by developing a community ground water supply. Only two undertook to replace septic tanks with sewers, the required long-range action.[12]

CENTRAL CITY-SUBURBAN CONTRACTS

The chief feature of water and sewage service in the core cities is the existence of centralized systems. Except for a few private municipal water systems, both utilities are in public hands in the central cities. Almost all the larger cities draw their water from surface sources. Most central cities provide sewer service to the majority of their residents, although sewage treatment ranges from none to the maximum 90 percent reduction in organic wastes feasible under present techniques.

The water problem is generally not seen as a pressing issue in the average central city, although it may well be an extremely serious problem in the metropolitan area. The central city resident experiences the problem spasmodically, usually during a drought or a bond referendum. Inadequate sewage treatment, the principal weakness in the central city, is much less likely to inconvenience the city dweller than his neighbors downstream. If insufficient treatment results in

[12] Minnesota, Department of Health, "Water Supply and Sewage Disposal in the Minneapolis-St. Paul Metropolitan Area" (December 1961), pp. 14–16.

polluted water supply and recreational areas, the villain usually is an upstream community over which the urbanite has little control.

Many central cities sell water and sewage disposal service to the suburbs under a contract system in which the central city controls the development and operation of the utility system. The relationship with the suburb is a commercial one. Individual and corporate customers outside the city normally have no representation on the city agency which operates the system. Nor do they have a voice in the development of plans and capital budgets.

In recent years the prevalent practice has been for the central city to wholesale water or sewage service to suburban communities, utility districts, or private companies, which in turn distribute water or collect sewage from individual customers. At present, under varieties of the wholesaling system, Chicago, Cleveland, and Portland, Oreg., supply water to almost 60 suburban communities each, New York City to 36 neighboring areas, and San Francisco to 40 cities and water districts. Fairly typical are the water contracts in Detroit and the sewage contracts employed in Minneapolis. The standard schedule of rates and charges established by the Detroit Water Board sets higher rates for the suburbs than for the city. In addition, the suburbs pay an extra charge if Detroit provides peak-hour storage facilities. When Detroit builds transmission mains outside the city limits to furnish water to a suburb, the community will pay a distance and elevation charge to cover the cost of construction.[13] Minneapolis' sewer contracts call for a charge of $1 per connection for the maintenance of the city's sewer used by the suburb; a sewage treatment charge based on volume, if the sewage is metered, or on the number of connections; and a fixed charge to cover the suburb's share of the cost of providing additional capacity for the particular community.[14]

The contract system seldom covers an entire metropolitan area. For example, Wilmington, Del., supplies water to approximately 40 percent of the households in the heavily builtup areas outside the city limits. In Minneapolis-St. Paul, 842,000 people are supplied directly or under contract by the two central city water systems. Another 245,000 are serviced with ground water by 69 public and private systems. An additional 433,000 rely on individual home wells. However, in the Detroit area, the central city water system serves Detroit and the 47 other communities in the 6-county area through a variety of wholesaling arrangements.

Supporters of contracting defend the system on a number of grounds. They contend that the system extends the technical competence and financial capabilities of the central city, while sparing the suburbs the necessity of using their credit and bonding capacity to develop less efficient facilities. It is also argued that the system permits local control through the contract procedure. In addition, flexibility is achieved and local freedom of action is preserved since no community is compelled to contract with the central city.

Many of these alleged advantages are scored as weaknesses by critics of the contract system. In essence, contracting is a re-

[13] Gerald Remus, "Metropolitan Water Problems: Through Intergovernmental Cooperation, Detroit and Surrounding Communities Meet the Crucial Needs of a Metropolitan Area," *Michigan Municipal Review*, XXXIV (April 1961), p. 95.

[14] Twin Cities Metropolitan Planning Commission, *Metropolitan Sewage Study* (St. Paul, 1960), p. 18.

lationship between customer and monopoly supplier. Although the "monopolist" often is benevolent, this arrangement is not representative government. The suburbs have no representation on the central city agency which provides the service. When clashes arise over rates and service, or over supply during periods of shortage—and such conflicts are endemic to the contract system—the central city, because of its disproportionate bargaining position, usually prevails. Complaints, such as those in Cleveland's suburbs, that nearly half the users of Cleveland water have no political control over the water suppy, are common.

The unequal relationship produces antagonisms that are often expressed by blaming the central city for all service shortcomings, although the trouble usually results from inadequate local distribution and collection systems. Since the central city voters must approve bond issues for improvements that benefit both residents and contracting communities, the suburbs' water and sewer service levels are determined by political processes over which they have no control. In the Los Angeles area, improvements and additions to the city's sewage collection and treatment system vital to a number of suburbs have been delayed or shelved because of the failure of Los Angeles voters to approve the necessary bond issues.

Further, the supplier-customer relationship generally is not conducive to a wise or equitable employment of a metropolitan area's resources in terms of its future pattern of development. Central cities extend services because of the promise of profits with little capital investment, especially when excess capacity is being sold. Sound metropolitan development is at best a secondary consideration. The cities have been reluctant to increase their bonded indebtedness to finance extensions and new facilities once contracts are let for the excess capacity.

Metropolitan Approaches

Despite the fact that many central city-surburban contract relationships are satisfactory and mutually beneficial, most studies evaluating the provision of water and sewage service have recommended metropolitan approaches rather than the development or improvement of a contract system. The economic benefits to be derived from areawide utility planning and development, and the fact that political boundaries bisect watersheds and drainage basins, are powerful arguments for structural change in those metropolitan areas where water responsibilities are fragmented, investment is inadequate, and suburban development is hampered by the shortcomings of individual systems.

For the general public, economies of scale are probably the most appealing arguments for metropolitan approaches to the provision of water and waste disposal service. Per capita investment for a sewage treatment plant to serve half a million people is 75 percent of that of a facility serving 50,000. There are also considerable savings in per capita operating costs with larger facilities. For example, it costs an average of $58 per million gallons to provide primary sewage treatment with a million-gallon capacity treatment plant, but $23 for a 10-million-gallon-capacity plant and $8 for a hundred-million-gallon plant.

Of course, economies of scale can be achieved on a less than metropolitan basis. In the larger metropolitan areas and in those with more than one watershed or drainage basin, it is possible for submetro-

politan development to offer comparable or greater economies of scale than areawide approaches, and to be more feasible politically.

Another economic factor favoring comprehensive development is the protection that it offers against unwise local investments. Small facilities, particularly for sewage disposal and treatment, are excessively expensive to operate, obsolesce rapidly, and rarely provide the long-range solution that a comprehensive program can insure. Suburbs jealous of their autonomy often have preferred uneconomic individual community facilities to membership in a larger system. However, postwar experience in the Seattle and Denver metropolitan areas illustrates that in many instances community plants will eventually be abandoned. For the suburbanite who began with an individual treatment system, this poses the possibility of a triple investment: First, a septic tank; second, a community treatment facility; and, third, a regional sewage disposal and treatment system. James R. Ellis, a key figure in the creation of the Municipality of Metropolitan Seattle, has underscored the foolhardiness of unwise small community sewage facilities:

> If we are ever to have utility services at reasonable cost we must be prepared to make the long-term investment required and to stop pouring dollars down the rathole of inadequate facilities, many of which will be obsolete before they are paid for. The economic waste in stubbornly duplicating permanent sewage disposal and water supply facilities cannot be justified under any rational theory of local autonomy.[15]

In most metropolitan areas, however, political realities rather than engineering, planning, and public administration considerations are the crucial factors affecting the possibility of altering the structural base for planning, allocating, and applying public resources. The chances of achieving structural changes in a particular metropolitan area depend primarily on attitudes, timing, and the pattern of interest groups as they conflict, compete, and cooperate.

Crises in health, service, or financing, actual or impending, generally are required to secure sufficient consensus to launch a metropolitan water-sewage program. Hostility to Los Angeles' annexation policies, the dire need of southern California for additional water, and a desire to enhance the area's bargaining position at the State and Federal levels led to the creation of the Metropolitan Water District of Southern California. Fragmentation of effort and inadequate financial resources led to the creation of the Metropolitan St. Louis Sewer District in 1954. Severe water pollution and an increase in the rate of infectious hepatitis spurred the creation of a tricounty sanitary agency in the Portland, Oreg., area. The grave danger of sewage effluents threatening Lake Washington, a prime recreational area, resulted in the creation of a metropolitan agency in Seattle with responsibilities limited to the development of a regional waste disposal system.

SINGLE PURPOSE VERSUS MULTIPURPOSE AGENCIES

The dominant approach to date in providing water and sewage service on a regional basis is the single-purpose agency with no other service responsibilities, such as the Allegheny County Sanitary Authority, the Metropolitan Sanitary District of Greater Chicago, and the Metro-

[15] James R. Ellis, "Government for Growth, the Seattle Story," address before the Section of Municipal Law of the American Bar Association, Aug. 27, 1958.

politan Water District of Southern California. A number of factors account for the separate handling of regional functions in metropolitan areas. The natural service areas for water, sewage disposal, planning, transportation, and other functions usually do not coincide. Closely related are the preferences and pressures of the technicians, who are influenced by both technical and personal considerations. Sewer or water engineers are more likely to predominate in single-function organizations than in multipurpose agencies. Differences in the timetable of needs also foster the single-purpose approach. Since regional agencies usually are created in response to the most pressing problems that cannot be handled satisfactorily on a less inclusive basis, a single-purpose agency to handle the particular function is a natural solution.

Political feasibility is another explanation of the prevalence of single-function metropolitan agencies. The single-function approach does not pyramid conflicts. It tends to separate the population into those who are for or against a regional sewage agency or a metropolitan water supply district. The multipurpose approach produces an overlap of opponents: those who are opposed to regional sewage, those who are opposed to regional water supply, those opposed to metropolitan transportation, and so on. The single-purpose approach also is more acceptable to the large number of people, particularly in the suburbs, who fear metropolitan government. A sewer or water district poses much less of a threat—regardless of whether the threat is real or imaginary—than a multipurpose district or a broader metropolitan government, to the real or imagined prerogatives and virtues of local governments.

Supporters of multipurpose metropolitan agencies are primarily and properly concerned with the inability of the present governmental structure in metropolitan areas to plan, program, budget, and allocate for a range of governmental functions on an areawide basis. They see a particular service problem, such as inadequate sewage disposal or an inability to guarantee future water supply, as the cutting edge for general purpose metropolitan instrumentalities. They fear single-purpose solutions which remove the pressures for comprehensive multifunctional approaches. Those who are skeptical of any form of regionalism are likely to embrace the single function approach when the alternative is the provision of the particular service on a regional basis by a still stronger metropolitan government.

The State of Washington's Metropolitan Municipal Corporations Act of 1957, the enabling legislation for the Municipality of Metropolitan Seattle, provides a halfway house between the single purpose district and multifunctional metropolitan government. The enabling legislation makes the machinery of metropolitan government available for one or more of the following functions: Sewage disposal, water supply, public transportation, parks and parkways, garbage disposal, and comprehensive planning. In 1957 there was an unsuccessful effort in the Seattle area to secure popular approval of a metropolitan government empowered to perform sewage, transportation, and planning functions. A second vote the same year on a less inclusive proposal, both geographically and functionally, was successful. The areas in which there was a heavy negative vote on the initial proposal were omitted and Metro's powers were limited to the sewage function.

To date, the municipality of Metropolitan Seattle has done a competent job in developing a regional sewage system. But it is not a metropolitan government; it cannot plan and allocate resources for the full range of functions, nor can it assess priorities among these functions. It is staffed by personnel whose primary training is in the planning and development of sewage facilities. Seattle's Metro considers expansion primarily in sewer terms. There is a strong possibility that the founders of Seattle's Metro, most of whom strongly favor general multipurpose metropolitan government, have created an instrumentality which will develop a narrow utility orientation rather than a broad concern for the overall community and its full range of developmental needs. While the waste disposal system being planned and developed by Metro already has had an impact on development patterns in the region, the metropolitan government lacks a general planning function and general purpose planners. Serious questions can be raised about the competency of sanitary engineers to guide overall development in a metropolitan area.

In spite of its obvious shortcomings as long as its activity focuses on a single function, the Seattle approach offers more promise for long-range development of utilities in conjunction with other community activities than a unifunctional district or authority could. As metro Seattle's founder, James R. Ellis, has noted:

> The Seattle story is not one of an all-out attack upon the tangle of metropolitan growth. The community is not now ready to accept the Metro approach to a number of problems which will soon demand areawide attention. It is rather the story of preparing for growth by creating a flexible metropolitan agency capable of dealing with one tough areawide problem and elastic enough to tackle other problems as they arrive.[16]

In the technical and political context of most metropolitan areas, perhaps this is the best that can be achieved in organizing water and sewage service on a regional basis.

The State Role

The States occupy a strategic role in the solution of urban water problems. As the creators and overseers of local government, they can grant or withhold the governmental and financial tools necessary for metropolitan problem solving. Policies relating to allocation and regulation are extremely important for the development of urban water supplies, the construction and operation of metropolitan sewage treatment facilities, and the control of unwise individual and small community water and waste systems. The States' greater geographical area and more diversified water resources often make them a more logical unit than the metropolitan area for comprehensive planning and development on the basis of watersheds, drainage basins, and river basins. The role of the States in urban water resource planning and development undoubtedly will grow more important in the future. Increasingly, metropolitan areas will reach out for water sources far beyond their boundaries. The metropolitan areas will grow together into vast urban regions. And population concentrations and industrial development will intensify the pollution of water and demands for its reuse. Although the States' jurisdiction is not large enough to

[16] James R. Ellis, "Government for Growth, the Seattle Story," *op. cit.*, p. 9.

provide a base for viable solution in all cases, it offers an attractive alternative in many instances, as fewer and fewer water problems can be handled adequately on a purely local basis.

REGULATION

Primary responsibility for the regulation of water quality rests at the State level. State agencies with water pollution responsibilities set standards, enforce laws and regulations, conduct surveys, and carry out a host of allied research and planning activities. The agencies involved vary from State to State. All State health departments have a branch which administers water pollution control programs. As the public health factor became relatively less important in water quality regulation and economic, conservation, and recreation considerations grew in significance, State water pollution control boards or commissions were created. More than half the States have such agencies. The remainder place primary responsibility for water pollution control in the State health department or a water resources agency. Water pollution control boards often include members from other State agencies with water responsibilites. Minnesota's Water Pollution Control Commission is composed of the commissioner of conservation, the executive engineer of the department of health, and representatives of the State board of health, State livestock and sanitation board, the commissioner of agriculture, and three members appointed by the Governor. Most State water pollution control boards or commissions have public members representing municipalities and industry.

All State health agencies regulate water and sewage facilities in urban areas. The division of sanitation engineering in the State health department normally certifies public water supplies and approves plans and specifications for new water works and extensions. Generally, it also has responsibility for insuring that public health and water pollution standards are met by municipal sewage treatment facilities. The emphasis in these programs is upon public health requirements.

In most States, the health agencies also have a role in new residential development. Most State legislatures require the health department to insure that adequate water and sewage facilities are being provided in new subdivisions. As the inadequacies of individual water supply and sewage disposal systems have become apparent, a number of States have adopted more stringent regulations in recent years. The primary concern of the health departments, however, has been the adequacy of suburban facilities in terms of public health considerations. Most State health agencies have paid relatively little attention to the diseconomies involved in the use of individual systems, the conservation of ground water supplies, and overall patterns of regional development.

State regulation of water quality includes a number of activities in addition to health department supervision and regulation. In most States, water pollution control agencies have the power to establish quality standards and to classify waters according to their best social and economic use. A number of States also prescribe the type of treatment that water users must provide to maintain the quality standard for a particular classification. Stream classification is most common in the East, where pollution has already seriously affected water quality. Several Western States utilize effluent regulations spec-

ifying permissible waste which particular water users may discharge. Effluent standards are easier to enforce because they do not require the extensive surveys needed to establish a stream classification system; but stream classification gives greater attention to each of the key variables in quality control: water use, pollution loads, and streamflows.

Enforcement is the crucial aspect of State water quality regulation. Most States rely on a cooperative approach in dealing with water users who fail to meet the quality standards. New York State's enforcement procedure is fairly typical. After waters have been classified by the water resources commission, water users are required to prepare and adopt abatement programs. The water resources commission, before issuing administrative orders to secure compliance, holds informal conferences with each offender to discuss commission findings, the pollution abatement plan, and the action required of the municipality or industry. As a result of this procedure, it has seldom been necessary to issue administrative orders. Cooperation is undeniably the preferable method of securing compliance. In a few States, it has proved quite successful. However, in too many instances, the cooperative approach has been an excuse for inaction and inadequate enforcement of State water quality regulations.

Cooperation has been more successful in dealing with municipal pollution than with industrial pollution, in part because municipalities are more likely to benefit from improved water quality than a particular industry. Further, various State and Federal programs aid municipalities in meeting State standards, but rarely assist industry.

Serious economic and political repercussions can result from the enforcement of stringent pollution controls. As a result, they are seldom imposed. A number of States refuse to permit sewer extensions, in order to force compliance with orders to construct sewage treatment facilities. While this is an effective way of forcing local action, it has been utilized in only the most extreme cases. When the benefits of pollution abatement appear slight and the costs excessive, municipalities are likely to raise strong opposition to the efforts of a State pollution control agency. In Colorado, the State's aggressive water quality program has been challenged in the courts by the city of Denver which contends that the State does not have the authority to require the city to improve its treatment of waste.

Perhaps the most potent constraint on State pollution control is competition for new industry and the fear of driving existing industries from the State. Industries, concerned that their competitive position may be impaired by the cost of making up the tremendous backlog of industrial waste treatment, often threaten to move. Differentials among the States in standards and levels of enforcement make these threats credible. Industrial groups generally favor pollution standards based on public health requirements, liberal dilution of untreated waste, and strict controls only when the wastes have been proved harmful. In many States industrial operators have shown little concern for the recreational, wildlife, and esthetic values of water.

PROMOTING LOCAL ACTION

State governments have sought to facilitate more adequate provision of water and sewer services in urban areas through general en-

abling legislation permitting joint exercise of powers. Usually the State laws allow two or more local units of government to create an instrumentality to provide water or sewer service. For example, California permits the formation of sewer districts containing contiguous territory both incorporated or unincorporated. In Colorado, State law makes it possible for two or more local units of government to establish sewage districts. North Carolina's water and sewer act establishes legal machinery by which two or more counties, cities, towns, incorporated villages, sanitary districts, or other political subdivisions or public corporations may organize for the operation of water and sewer systems. A few States, including Michigan and Florida, authorize counties to construct and operate water and sewage systems. New York law provides for a wide range of cooperative activities among local governments.

State governments have provided a wide assortment of enabling legislation to permit more flexibility in financing methods, to ease statutory restrictions on local indebtedness, and to provide indirect and direct financial assistance. A number of States, including New Mexico, Oregon, and New Hampshire, purchase local water bonds. Under a program enacted in 1962, New York will match 50 percent of Federal annual allocations to the State for 30 percent grants to municipalities to construction sewage treatment works, as well as provide State aid for up to one-third of the annual operating and maintenance costs of new sewage treatment plants. Since 1953, Pennsylvania has paid over $3 million to municipalities in annual grants of up to 2 percent of the cost of sewage treatment facilities built after 1937. New Mexico has a small grant program for its unincorporated areas and a number of States, including Maine, Maryland, New Hampshire, and Vermont, supplement Federal grants for sewage treatment facilities made under the Water Pollution Control Act of 1956.

WATER RESOURCE DEVELOPMENT

Traditionally, the States have played a relatively minor role in the development of water resources, particularly in undertakings designed primarily to meet urban requirements. In recent years two States—New Jersey and California—have assumed responsibility for the development of water supply facilities to meet the growing needs of their heavily urban population.

The requirements for river basin development, problems of extraterritoriality, and the urbanization of all or the greater part of a State increase the prospects of State activity to provide urban water supplies. River basin planning and development is clearly beyond the capability of almost all metropolitan areas. When river basins are interstate, the State is the prime party in interstate agencies and in negotiations with Federal officials. The spread of urban development, the need to go farther afield for urban water supplies, and the increased capital requirements for such development, all reduce the capabilities of individual municipalities and metropolitan areas to secure and develop future sources of water.

The State arena offers advantages and disadvantages to the urban areas in their search for adequate future water supplies. Advantages include the States' greater scope for planning and development, their

power to compel action in areas outside the jurisdiction of urban governments and, in many cases, their greater capital resources.

It is unlikely that the urban areas will secure an active State role unless they have sufficient political resources to force State action. In New Jersey and California, the strength of urban electorates has been great enough to maintain the support of a succession of Governors and a majority of the lower house of the State legislature (apportioned on the basis of population) for an active State urban water role. The predominance of the urban electorate in New Jersey also assured passage of a bond referendum after sections of the State and the political parties had reconciled their differences.

In California, the heavily populated southern counties, sometimes by a margin of over 4 to 1, provided enough votes to predominate in the California water bond referendum. Although 45 of California's 58 counties voted against the proposal, it was approved by a vote of 3,008,328 to 2,834,384. In effect, the southern water-short counties were able to prevail over the less populated, but more richly endowed, northern counties.

When a State undertakes to provide its urban areas with water, a variety of urban and nonurban interests are directly affected. As a result, solutions must be acceptable to statewide rather than regional or municipal interests. For example, one possible solution to northern New Jersey's water shortage is diversion of Delaware River water. While the northern New Jersey urban areas saw the Delaware only as a source of water, the State had a dual interest. From the point of view of State officials, the Delaware was an eventual source of water for northern New Jersey, but even more important was the requirement for sufficient Delaware water to maintain streamflows essential to industrial development in the Trenton and Camden areas.

These complexities do not necessarily negate the role of the State in developing future water supplies. There is every reason to believe that such activity will increase and, indeed, in such a situation the State is the most appropriate unit of government to make decisions between a number of metropolitan areas and industrial and rural users competing for the same water supply. Even a metropolitan water authority embracing, for example, the entire New York City-New Jersey metropolitan area could not take full and objective account of Trenton and Camden area needs. The point is simply that urban interests must accept reduced control over their own utility development when they seek to utilize the increased capabilities that some State governments can offer.

The Federal Role

Federal water resource activities affect urban water supply and waste disposal both directly and indirectly. Federal research, planning, and assistance programs in the fields of water pollution control, sewage treatment, and water supply have a direct impact on utility service in urban areas. The major Federal water resource activities—navigation, flood control, irrigation, and multipurpose river basin development—have important indirect effects on urban water users. Navigation and flood control projects reduce the amount of water available for other uses, including urban water supply and waste dilution. Federal irrigation policy is extremely important to western urban interests since irrigation, because of its high consumption of

water, can seriously affect the quantity of water available for urban use. Cities and suburbs also derive indirect benefits from Federal river basin projects. Flood protection, navigation improvements, and inexpensive hydroelectric power are extremely important to metropolitan areas located in the river basins where Federal water agencies have been active.

SEWAGE TREATMENT GRANTS

The most important Federal urban water activity is financial aid for local sewage treatment plant construction. During the 1930's, Federal public works programs played a key role in maintaining an adequate level of sewage treatment facility construction. A Federal Water Pollution Control Act was placed on the books in 1948 providing for, among other things, a Federal program of research, technical assistance, grants to the States for industrial waste control, and low-interest construction loans. Although authority for sewage treatment works construction loans was authorized at that time, no funds were appropriated by Congress. After a number of years of effort, the tremendous lag in sewage treatment investment led Congress to enact the Water Pollution Control Act of 1956. Grants of $50 million a year for 10 years were authorized to assist cities in the construction of sewage treatment plants. Half the authorization was reserved for communities with populations of 125,000 or less.

Maximum Federal participation in any project was limited to $250,000 or 30 percent of construction costs, whichever was smaller. Federal funds are allocated through the States. Generally the State's share has been allocated to local governments by the water pollution control agency or State health department on the basis of a formula reflecting both financial needs and the severity of the local pollution situation.

Federal grant appropriations under the 1956 law provided significant incentives for communities to step up their investments in sewage treatment facilities. During the 5 years preceding passage of the bill, the contract awards for sewage treatment plant construction averaged $222 million. In the 4 years following enactment, construction contract awards showed an average increase of 62 percent, amounting to almost $360 million per year. Thirty-five States reached their highest treatment plant construction levels in the first 2 years of the program.[17] By mid-1961, 2,700 sewage treatment projects costing a total of $1.3 billion and serving 27 million people had received Federal assistance. The total Federal contribution was $225 million; thus each Federal dollar was matched by $4.80 in local funds.[18]

Experience to date with the grant program refutes the frequent contention that Federal assistance stifles local and State initiative. The evidence is clear that Federal grants have spurred local activity. There is little indication that the States as a whole had the willingness or the resources to provide similar inducement. Moreover, the vast majority of State health and water pollution control agencies vigorously support this Federal activity. Finally, rather than serving to stifle State initiative, the Federal grant program has led to the

[17] U.S. Congress, House of Representatives, Committee on Public Works, *Federal Water Pollution Control Hearings*, 87th Cong., 1st sess., 1961, pp. 12–13.
[18] Cohen and Sonosky, *op. cit.*, p. 109.

enactment of supplemental State programs for sewage treatment in a number of States, including New York, Maine, Georgia, Maryland, New Hampshire, and Vermont.

In 1961, Congress authorized substantial increases in the sewage treatment program. Grants of $80 million for 1962, $90 million for 1963, and $100 million for each of the following 4 years were authorized. Earlier restrictions on the construction of larger facilities were eased somewhat with an increase in the maximum individual grant from $250,000 to $600,000 or 30 percent of the cost of construction, whichever is the lesser. In addition, the 1961 amendments for the first time provided encouragement for communities to join together in constructing projects to serve their common needs. Previously, the maximum grant provisions applied to the total project cost regardless of the number of participating communities. Now the limitation applies to each community's share. Thus individual communities are not penalized for joint action by receiving less Federal aid, and they are generally rewarded by the lower per capita cost of a larger project. This legislation, however, contains no direct financial inducements for areawide or comprehensive approaches, as in several other Federal programs.

In a related area of Federal activity, the program of advances for public works planning under section 702 of the Housing Act of 1954 administered by the Department of Housing and Urban Development, provides interest-free advances (to be repaid when construction commences) to aid in planning and designing public works projects, including water and sewer systems. A primary purpose of this program is to encourage public agencies to maintain an adequate reserve of planned public works. One of the requirements for approval of specific proposals is that no advance shall be made for an individual project, including a regional or metropolitan or other areawide project, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority. As the program is administered, if no general plan exists the conforming requirement is dropped.

Experience with the planning advance program suggests that there is a widespread need for planning water and sewage facility projects. Although planning advances may be made for any public work that communities have the legal authority to plan, finance, and construct, 60 percent of all applications approved since the beginning of the program have been water and sewer projects.

The public facility loans program, also administered by the Department of Housing and Urban Development, provides financial assistance to municipalities and other local public bodies for constructing essential public works where such financing is not otherwise available on reasonable terms. It is noteworthy that during 1964, 80 percent of all projects approved for loan were sewer and water projects.

In a major extension of these earlier programs, the Housing and Urban Development Act of 1965 authorizes Federal grants to finance up to 50 percent of the development cost of local water and sewer facilities. Projects receiving Federal aid under this new program must be consistent with areawide plans for water or sewer systems as part of the comprehensively planned development of the area.

POLLUTION CONTROL

All navigable water bodies of the United States, including coastal waters, are now subject to Federal pollution control jurisdiction. Action to abate intrastate pollution can be initiated only at the request of the Governor of the State. A request for Federal action to abate interstate pollution may also be initiated by a municipality if such request has the concurrence of the Governor and the State water pollution control body. The Secretary of the Interior, on his own initiative rather than waiting for a State request, may call a conference as a preliminary step in the Federal enforcement procedure "whenever, on the basis of reports, surveys, or studies, he has reason to believe that any pollution * * * endangering the health or welfare of persons in the State other than that in which the discharge or discharges originate is occurring."[19] Under the 1965 amendments to the Water Quality Act, the establishment of water quality standards for interstate waters is required by June 30, 1967. If the States fail to adopt acceptable standards, the Secretary of the Interior is authorized to establish them directly. The underlying objective of Federal water pollution control policy is, however, to strengthen State water quality programs so that problems can be resolved at the State level without Federal action.

Federal enforcement procedure has three stages. First, there is a conference with all affected interests, public and private. For example, at a recent conference on pollution in Puget Sound, the Washington Pollution Control Commission invited representatives of pulp and paper mills, other industries utilizing Puget Sound for waste disposal, mayors, county health officers, sportsmen's councils, Federal agencies, fisheries groups, State legislators, members of the University of Washington faculty, and officials of the Association of Washington Cities, the Seattle Harbor Advisory Committee, the Municipality of Metropolitan Seattle, and the Northwest Pulp & Paper Association.

If the problem cannot be worked out at the conference, a public hearing is held before a board appointed by the Secretary of the Interior. The final step, when necessary, is Federal court action. As of May 1965 only one case had gone to court.

The Public Health Service has estimated that conferences and hearings will have resulted in construction of about $500 million of waste treatment facilities. Since 1956, 34 enforcement actions have been undertaken, involving 40 States, the District of Columbia, and 1,000 municipalities and about the same number of industrial plants; 7,000 miles of major waterways were affected by these actions.

In general, the cooperative approach of the Public Health Service has been successful. In most instances, State health departments and water pollution control agencies have welcomed Federal assistance in enforcing of State water pollution controls. The combination of Federal assistance grants under the 1956 act, in conjunction with conferences and hearings, has often been successful in securing the construction of municipal sewage treatment facilities.

Federal enforcement action is particularly appropriate to control industrial pollution and may in fact be the only effective governmental

[19] 33 U.S.C. 466(c)(1).

approach to this problem. The recent Puget Sound Water Pollution Control Conference grew out of the inability of the State of Washington to control pollution by seven pulp and papermills bordering Puget Sound, resulting in the discharge of organic wastes equivalent in volume to the wastes produced by a population of 8 million. The capabilities of individual communities, metropolitan areas, and States are inherently limited in the fight against industrial pollution. Effective procedures for industrial pollution abatement must be of sufficient scope to avoid penalizing particular communities or States that undertake control programs. The reluctance of States to control industries, out of fear that the industries will flee to other States, is a compelling argument for Federal control. Similar circumstances have produced Federal participation in a national unemployment insurance program, minimum wage standards, and other controls on industries in interstate commerce.

Yet Federal action has so far had only limited success in coping with industrial pollution—much less than in the case of municipal pollution abatement. While Federal programs provide incentives in the form of financial aid for municipal waste treatment, there are no comparable aids or inducements (such as special tax incentives) for industries, nor are there strong Federal enforcement powers.

Because of the technical nature of the subject, the desire to achieve voluntary compliance, and the need to safeguard defendants' rights, Federal water quality control enforcement in general tends to be extremely time consuming. The Public Health Service must make stream studies, collect and analyze water samples, and prepare its evidence prior to the holding of a conference. Conferences and hearings consume more time. When a solution has been agreed upon, a municipality must undertake engineering and financial studies, secure approval of bond issues, obtain bids, and let contracts. In St. Louis, for example, a conference on Federal enforcement procedure concerning the Mississippi River was held in March 1958; pollution abatement measures will not be put into operation until 1967.

When there is local opposition to Federal enforcement, the delays are apt to be even greater. In 1958, as a result of Public Health Service pressures, St. Joseph, Mo., held a referendum on a bond issue to raise funds to construct a sewage treatment plant. The bond issue was defeated. Two years later, after the Public Health Service issued a notice requiring a 5-year improvement program, another bond referendum was defeated even more decisively. Finally, after Federal court action in 1961, St. Joseph began to take remedial measures.

On the whole, however, the Federal enforcement program has been a successful example of intergovernmental cooperation to secure higher standards. The basic Federal procedure offers opportunities for Federal, State, private and local interests to work out satisfactory solutions. Delays are inevitable in a process set up to insure against Federal action which might be unmindful of local circumstances. Principles of cooperation and consultation break down, however, if they serve to permit interminable delays by communities and industries which are not treating wastes adequately.

Implications of Water Resource Experience

Governmental performance in providing for urban water supply and sewage disposal illustrates a number of significant obstacles that result from the organization of government and the allocation of public responsibilities in metropolitan areas. Local approaches, particularly in the suburbs and in the case of waste disposal, have clearly been inadequate. The availability of significant economies of scale when large water and sewage systems are developed, as well as the frequent desirability of tapping distant sources of water or taking advantage of large natural drainage basins, have prompted many communities to attempt broader solutions to their problems. Many alternatives have been used, ranging from joint undertakings with neighboring communities to contracting with central cities or establishing metropolitan water and sewage districts. Other inherent weaknesses of a local approach have also become evident. Spillover effects, in which inadequate sewage treatment pollutes water for downstream users, have often led to local irresponsibility in the absence of broader governmental approaches. With the growth of vast metropolitan regions and the rise of many conflicting interests among water users, State concern for water resource development and management has increased. Finally, the Federal Government has also emerged in a critical role both in stimulating more adequate local investment and taking a hand in controlling water pollution.

Similar issues emerge from a consideration of other government functions in urban areas. The pattern of local government has many inadequacies for performing urban functions, but many kinds of corrective action are possible. Aside from more comprehensive planning and sharing of local undertakings, the resources of States and the Federal Government need to be brought to bear on urban problems such as water supply and sewage disposal. Specific recommendations for improved performance of water and sewage responsibilities are presented in chapter VII, pages 141–148, within the context of he Commission's overall program for strengthening governmental capabilities to deal with urban problems. Before opening an exploration of governmental reform, however, it is useful to consider a somewhat different type of governmental responsibility—relocation assistance—which is the subject of the following chapter.

Chapter IV

RELOCATION AND INTERGOVERNMENTAL RESPONSIBILITIES

The metropolitan areas of the United States are being transformed not only by rapid social change but by vast programs of physical development as well. Unlike earlier periods of city building when the role of government was limited mainly to regulation of private undertakings, the process of urban development today involves major governmental commitments. Cities, States, and the Federal Government have embarked on programs of highway construction, urban renewal, public housing, park development, and the provision of public buildings. Much of this construction activity takes place in heavily populated cities and suburbs where new facilities are needed. As a result, thousands of people and businesses are forced to move every year because of governmental acquisition of property as well as Government enforcement of housing and building codes. All indications are that this pace of displacement will accelerate with increased urbanization and the consequent mounting demands for urban services, and with the growth of Federal, State, and local programs for the renewal of cities. It has been estimated, for example, that between 1964 and 1972 the federally aided urban renewal and highway programs alone will uproot 825,000 families and individuals and 136,000 business and nonprofit organizations.[1]

As the magnitude of displacement has increased in recent years, there has been growing concern over the impact on those forced to move—concern over whether these "displacees" are being forced to bear a disproportionate share of the cost of public works programs that need the land they occupy. There is special concern for the poor and the elderly and for small businesses. These individuals and businesses seem most often to be in the way of property-taking programs and are least capable of coping with the adjustments of a forced move.

President Johnson, in his 1964 housing message to the Congress, commented on the human costs of relocation in specific reference to urban renewal:

> Despite existing programs assisting families and persons displaced by urban renewal projects, the human cost of relocation remains a serious and difficult problem.
>
> The vast majority of those displaced by urban renewal and public housing have relocated in better and standard housing, but some have not. For most, the cost of improved housing has been an unsought burden. For some, the inconvenience of displacement has meant only another slum dwelling and the likelihood of repeating this experience.

[1] U.S. Congress, House, *Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs*, printed for use of the Committee on Public Works, 88th Cong., 2d sess., 1964, p. 258.

*** * * Similarly, small businessmen—especially those in leased premises—often incur economic loss and hardship as a result of displacement by urban renewal or public housing which is not offset by current compensation practices and moving expense reimbursements.[2]**

Government has not been oblivious to the relocation problem, as the President's statement indicates. At all levels—Federal, State, and local—it has responded to some degree by providing relocation payments and other assistance to displacees. But these provisions are inconsistent—among programs of the same level of government and among the different levels. Also, serious questions have been raised about the equity and adequacy of many of them. One consequence sometimes has been to slow down necessary governmental programs that require the taking of property. Relocation has been called, for example, the "Achilles heel" of urban renewal.

The relocation problem has many intergovernmental implications. The two major programs causing displacement are the federally aided urban renewal and highway programs—the first carried out by local governments, and the second by State governments but to a considerable extent within urban areas. Urban areas are the focus of most of the displacement problem, and the inconsistencies and inadequacies in relocation provisions are aggravated by the fact that many different displacing programs of different levels of government operate side by side within the same community.

In addition, efforts to organize effective and humane programs of relocation are hampered by poor coordination between the different communities of metropolitan areas. The housing market within which displaced people must look for other quarters typically extends across local boundaries to encompass the larger metropolitan area. Similiary, businesses that need commercial or industrial space for relocation may best satisfy their needs in some other part of the metropolitan area. Unless the different local governments of any area cooperate in planning for relocation, the choices available to displaced people and businesses may be unduly limited and the hardships of relocation compounded.

Broader issues of intergovernmental relations are involved in relocation questions. The pattern of local government and finance in metropolitan areas often encourages local efforts to exclude low-cost housing and thus to limit the freedom of movement of many people who are forced by government action to leave the places where they have been living. Social and economic disparities noted earlier tend to sharpen conflicts between local communities in metropolitan areas in ways that interfere with relocation efforts. Further, the limitations of a purely local perspective can be as unfortunate for relocation as for water supply and sewage disposal. Just as provincial water and sewage policies impose significant burdens on neighboring communities, so policies of excluding low-cost housing create hardships for people and governments elsewhere in the metropolitan area.

Relocation, like water supply, is widely acknowledged as a major governmental concern in metropolitan areas. As such, it puts the governmental arrangements in these areas to a further test. Again, inadequacies in intergovernmental relations emerge as major obstacles to more effective performance. An examination of these weaknesses

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[2] *Congressional Record*, 88th Cong., 2d sess., 1964, vol. 110, No. 13, p. 1047.

leads to no simple prescription for curing the ills of relocation, but it does reveal a great deal about why the governmental system breaks down in coping with this contemporary problem and what can be done to strengthen it.

Governmental Responsibility for Relocation

The question of governmental responsibility for relocation arises out of governmental authority to acquire private property against the owner's will. This authority, called the power of eminent domain, is provided in Federal and State constitutions and may be exercised only when the property is needed for a public purpose and "just compensation" is paid to the owner. The courts traditionally measure "just compensation" in terms of the market value of the real property taken.

Unlike the property owner in a transaction between two private parties, the owner in an eminent domain case is *not* in a position to withhold his property until he feels satisfied that he will be compensated for the full costs of giving it up—including not only the fair market value of the real property being taken, but also the costs of moving personal property and other incidental damages. He is *forced* to give up his property. Therefore, if he is to be "made whole" economically, he must rely on a judicial construction of "just compensation" sufficiently broad to cover the full costs of giving up his property and relocating, or on legislative adoption of a policy of compensating for incidental damages.

Judicial Precedents

Federal and State constitutions do not set forth any rules or techniques for implementing the guarantee of just compensation for private property taken for public use. Never in the Congress, and only lately in some States, have attempts been made to establish broad legislative policies on the subject; consequently, the courts have assumed the task of developing basic principles for measuring just compensation. They early adopted the concept that just compensation should be measured in terms of market value. Generally, this has been construed to be the cash price agreed on at a voluntary sale between an owner willing but not required to sell and a buyer willing but not required to buy.

The majority of the courts have held that there is no obligation to pay for losses or damages suffered by property owners and tenants as a direct result of land acquisition programs (for example, uselessness of equipment tailor made for a particular building). The courts have held that these damages are not reflected in the market value of the real property the government acquires, or are too speculative. In the case of a lessee, the additional argument is made that since he must stand the cost of removal at the end of his term, the taking does not cause him to incur moving expenses but only changes the time when these expenses occur.[3] As a consequence, the courts generally have held that owners and tenants have no constitutional right to compensation for such items as good will, business interruption, costs of mov-

[3] State of California, California Law Revision Commission, *The Reimbursement for Moving Expenses When Property Is Acquired for Public Use* (October 1960).

ing personal property, loss of rentals due to anticipated taking, and other losses and damages which frequently are real and substantial.[4]

In an earlier day, the issue of incidental damages was less significant than it is today. In a largely rural society with limited governmental activity, acquisitions of private property for public use were relatively infrequent and, being limited largely to such purposes as erection of court houses, police stations, and school buildings, they rarely involved mass takings. At the same time, of course, government played a relatively inactive role with respect to the economic welfare of individual citizens—public assistance, public housing, and unemployment compensation, for example, were unheard of.

In contrast, in our present rapidly urbanizing society, acquisition of land for public use in congested, built-up areas is constantly expanding. The concern for improving housing and conserving and reviving older central cities has resulted in a vast federally aided urban renewal program. The needs of national defense and national economic growth have brought about large-scale federally aided highways, many of which involve clearing land in built-up urban areas. Expanding needs of cities and States require property takings for schools, parks, office buildings, streets, and parking. Municipalities are turning more and more to enforcement of minimum building and housing codes, which displace people when they require reductions in overcrowding or force demolition. Paralleling the accelerated pace of displacement, government at all levels has accepted increasing responsibility for assuring minimum standards of welfare, housing, education, and employment for all groups in the population.

Legislative Measures To Broaden Compensation

The growing impact of displacement and expanded government responsibility for economic and social welfare has resulted in an increasing feeling in many quarters that government should compensate people for incidental damages associated with displacement. Apart from the justification based on the differences between a forced and a voluntary sale, such reasons as these are cited:

> The government uses real property for projects expected to benefit the public. The public is expected to bear the burden of the costs of the projects. Where individuals suffer clearly established financial losses and damages as a direct consequence of the projects, fundamental fairness requires the public to bear these losses and damages just as it bears the costs of property actually taken and other project costs * * *.
>
> Since it is unfair for the government to take property physically without compensation, it is no less unfair to deny compensation for losses and damages which occur as a direct result of the land acquisition activity * * *.[5]

A further reason given is that failure to provide full compensation and assistance for displaced people is self-defeating when it frustrates achievement of other governmental objectives. Thus, failure to provide adequate relocation assistance for people who suffer from economic and social disadvantages makes more difficult the tasks of housing and welfare programs.

Most courts have not broadened their interpretation of just compensation to cover incidental damages. Where they have, the standard

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[4] Henry H. Krevor, *A Congressional Study of Just Compensation*, article prepared for Manual of the American Society of Appraisers (mimeo., n.d.), p. 8.

[5] *Ibid.*, p. 9.

of compensation "operates unequally, with some condemnees fully indemnified while many others are forced to bear considerable losses."[6] Changes in public policy, therefore, have been sought through the Congress and State legislatures. As early as 1933, in establishing the Tennessee Valley Authority, Congress authorized TVA to provide assistance to persons forcibly displaced by TVA acquisitions. During the past decade, Congress has passed piecemeal a series of laws authorizing certain agencies to make limited administrative payments for moving expenses and closely related losses. These acts have different provisions, and a number of agencies still are without authority to pay these expenses. The wide variation in provisions and the fact that many property-taking programs have no provisions at all were important factors leading to establishment of the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works in 1961.

A number of States also have taken legislative action to authorize compensation for moving expenses and personal property losses. On the whole, however, the willing seller-willing buyer standard remains the test in most States, and many incidental losses continue to be uncompensated.

Legislative action takes two different approaches: (1) authorization and direction for administrative departments to pay compensation for moving and related costs of relocation with some specification of the types of costs to be allowed and maximum amounts; and (2) expansion of the eminent domain statute to authorize property-acquiring agencies and the courts to include moving and related costs in awards granted to property owners and, usually, tenants. The Federal Government has followed the first course exclusively. State governments have differed, mostly following the course of administrative payments. Included in this group are New York, Connecticut, Massachusetts, and Ohio. Those using the eminent domain approach include Maryland, Minnesota, and Pennsylvania. In all cases, the statute establishes maximum limits on payments for all or various categories of incidental damages.

A Measure of the Relocation Problem

In a joint survey of municipal governments in cities over 100,000 population in the summer of 1964, the Commission and the U.S. Conference of Mayors[7] sought information about relocation experiences and problems, including the volume of displacement. The 100 cities responding indicated that 36,900 families and 5,800 business concerns were displaced by all types of governmental action in the past year. They estimated that in the next 2 years 125,000 families and 16,000 businesses would be displaced, a yearly average of 62,500 and 8,000, respectively. A summary of the figures by program is shown in tables 11 and 12. Urban renewal and highway construction are the main causes of displacement, accounting for 61 percent of anticipated family relocation and 88 percent of business relocation in the next 2 years.

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[6] "Eminent Domain Valuations in an Age of Redevelopment: Incidental Losses," *Yale Law Journal*, LXVII (1957–58), p. 74.

[7] Hereafter cited as ACIR–CM survey.

TABLE 11.—*Displacement of families by governmental programs, past year and next 2 years (estimated), 100 cities over 100,000 population*

A. PAST YEAR

Population group	Number of cities		Displacements					
	In total group	Reporting	Total	By program				
				Urban renewal	Streets and highways	Code enforcement	Public buildings	Other *
Over 1,000,000	5	5	11,657	4,954	1,456	1,408	2,191	1,648
500,000 to 1,000,000	16	13	8,574	2,090	3,080	1,278	737	1,387
250,000 to 500,000	30	23	8,993	4,023	3,056	1,223	293	398
100,000 to 250,000	80	59	7,755	2,667	2,614	1,837	162	475
Total	131	100	36,979	13,734	10,206	5,746	3,385	3,908
Percent			100	37.1	27.6	15.5	9.2	10.6

B. NEXT 2 YEARS (ESTIMATED)

Over 1,000,000	5	5	44,148	12,949	4,582	15,253	4,231	7,133
500,000 to 1,000,000	16	13	23,289	8,490	5,902	3,974	1,614	3,309
250,000 to 500,000	30	23	30,140	14,065	9,982	3,412	615	2,066
100,000 to 250,000	80	59	27,397	13,193	7,070	5,962	401	771
Total	131	100	124,974	48,697	27,536	28,601	6,861	13,279
Percent			100	39	22	22.9	5.5	10.6

* Includes public housing, parks, schools, parking ramps, and lots.

Source: Questionnaire survey of Advisory Commission on Intergovernmental Relations-U.S. Conference of Mayors, summer 1964.

TABLE 12.—*Displacement of businesses by governmental programs, past year and next 2 years (estimated), 100 cities over 100,000 population*

A. PAST YEAR

Population group	Number of cities		Displacements					
	In total group	Reporting	Total	By program				
				Urban renewal	Streets and highways	Code enforcement	Public buildings	Other *
Over 1,000,000	5	5	1,456	993	79	13	300	71
500,000 to 1,000,000	16	13	1,126	768	298	0	60	0
250,000 to 500,000	30	23	1,520	1,359	118	30	11	2
100,000 to 250,000	80	59	1,768	1,006	634	105	4	19
Total	131	100	5,870	4,126	1,129	148	375	92
Percent			100	70.3	19.2	2.5	6.4	1.6

B. NEXT 2 YEARS (ESTIMATED)

Over 1,000,000	5	5	4,452	3,022	172	210	930	118
500,000 to 1,000,000	16	13	3,262	2,380	796	0	75	11
250,000 to 500,000	30	23	4,017	3,270	507	70	15	155
100,000 to 250,000	80	59	4,246	3,163	699	265	99	20
Total	131	100	15,977	11,835	2,174	545	1,119	304
Percent			100	74.2	13.6	3.4	6.9	1.9

*Includes public housing, parks, schools, parking ramps, and lots.

Source: Questionnaire survey of Advisory Commission on Intergovernmental Relations-U.S. Conference of Mayors, summer 1964.

From the start of the Federal urban renewal program in 1949 through September 30, 1963, renewal projects displaced 176,908 families, 65,657 individuals, and 39,399 business concerns.[8] The Bureau of Public Roads reported that, in the first 17 months of its relocation assistance program adopted by Congress in 1962 for Federal aid highways, 46,597 residents and 4,601 businesses and nonprofit organizations had been displaced.[9] Further, it has been estimated that 825,000 families and individuals and 136,000 businesses and nonprofit organizations will be displaced by the federally aided urban renewal and highway program alone between 1964 and 1972.[10]

Intergovernmental Implications

A simple listing of governmental functions that involve displacement (highways, urban renewal, public buildings, code enforcement, public housing) reveals a number of intergovernmental problems. The Federal Government shares in financing and sets relocation requirements for several major State and local programs causing displacement. Urban renewal and the Federal aid highway program fall in this category, and together they are by far the most frequent displacers of people and businesses. Other such programs are public housing and mass transportation. Federal property acquisitions not involving grants-in-aid, such as those conducted by the Corps of Engineers and the Department of the Interior, cause relatively little urban displacement. The General Services Administration, on the other hand, is responsible for constructing Federal office buildings and creates some relocation problems at the local level. Similar problems are created by State and municipal building projects.

The Federal Government also has a leading role in determining policies, setting standards, and providing funds for economic and social programs that affect the ability of displaced persons and businesses to readjust. Among these are the public housing program, FHA loan insurance, urban renewal, public assistance, unemployment compensation, Small Business Administration programs, programs for the elderly, and protection of the rights of minority groups.

State governments conduct or participate in federally aided construction programs such as the interstate and primary-secondary highway program and the Hill-Burton hospital construction program. They are, of course, in a central position with respect to relocation power and activities of their local governments, subject to limitations provided by constitutional home rule and court interpretation. State legislators have essentially full power to aid, direct, and limit local actions in causing displacement and providing relocation adjustment. States have granted localities considerable latitude in undertaking activities that cause displacement, but they have done relatively little to authorize local communities to provide relocation payments and services. They have done even less to provide technical and financial assistance for such services.

Because local governments are the most easily accessible to displaced persons and businesses, it is not surprising that they bear the brunt of complaints for dislocation problems regardless of which agency or

[8] From unpublished data of the Urban Renewal Administration.
[9] *Study of Compensation and Assistance, op. cit.*, pp. 263, 265.
[10] See note 1 above.

level of government has been the cause. Also, local governments are affected by the policies and activities of neighboring localities as well as those of the State and National governments. Zoning, housing, and building policies of individual municipalities in metropolitan areas affect the capacity of their neighbors to provide adequate housing for persons displaced within their boundaries.

Problems Confronting Displaced People and Businesses

Relocation is of most concern in metropolitan areas, where people and businesses are concentrated, governmental acquisition of property is most expensive, and intergovernmental relations are most complex. Much of what is known about the problems of displacement comes from experience with urban renewal, the first major urban program in which government accepted responsibility to assure adequate housing for those displaced by property taking. It has had considerable influence throughout the country on policies and procedures for handling relocation activities by municipal governments. Largely financed by Federal funds, shaped by Federal law and regulations, but carried on with considerable policy discretion by local agencies, urban renewal has also caused the most problems essentially because displacement, especially in the early years of slum clearance, has been so central to its purpose. The urban renewal program has also been characterized by resourceful efforts to ease the displacement hardships it causes and to make relocation an integral part of a government property-taking program. Thus it is an appropriate source of information on the difficulties posed by forced relocation and on the success of efforts to alleviate them.

Rehousing Families and Individuals

Cities responding to the ACIR–CM questionnaire were asked to report any problems they faced in relocating families displaced by urban renewal projects. By far the problem most frequently mentioned was lack of an adequate supply of standard housing, particularly for large, low-income, and nonwhite families. Conversely, among those indicating no problems, the most frequent explanation was that there was an ample supply of housing in the community, available for all types of need. A similar conclusion was drawn from examination of "workable programs" submitted to the Housing and Home Finance Agency by cities participating in the urban renewal program. The status of the housing supply suitable to the various needs of displacees is thus—not surprisingly—the most important element in the relocation problem. Two kinds of housing make up the supply: public and private.

Low-rent public housing

As of September 30, 1963, the Urban Renewal Administration reported that 54 percent of the families displaced since the beginning of the Federal program had incomes that met the eligibility requirements of low-rent public housing. Under the law, these families have priority for public housing. Only 19.7 percent of the total

families displaced, however, were relocated in federally aided public housing.[11]

Lack of available public housing is a major reason for failure to accommodate displaced people adequately, as indicated by many cities' responses to the ACIR–CM survey. Even where there are vacancies, moreover, there may not be enough large units for the number of large families applying. In addition, some families who meet income requirements for public housing are ineligible for other reasons: they may be barred because of police records, alcoholism, illegitimacy, disorderly conduct, mental or physical illness, rent delinquency, juvenile delinquency, or other reasons.[12] The family income may be too low: a public housing project must have enough income to pay operating costs, and thus it may be necessary to maintain a distribution of incomes which limits the number of units available to the lowest income families. In recognition of this problem, the 1964 Housing Act provides an additional Federal subsidy to local housing authorities to enable them to take in more displaced families below the minimum acceptable income limit.[13] Such a special subsidy already existed for the elderly.

Many eligible families reject public housing.[14] Although 68 percent of the families displaced by the New York's West Side renewal project were eligible for public housing, only 16 percent said they would accept it.[15] Drawing on several studies, Martin Millspaugh grouped the reasons for rejection under four headings: (1) the desire to stay close to the old neighborhood, whether or not public housing is available there; (2) the feeling that public housing has a stigma; (3) unwillingness to accept the rules and regulations of publicly administered housing; and (4) dislike of the physical character of public housing projects, such as elevator living and concrete floors.[16]

PRIVATE HOUSING

The 46 percent of families displaced by urban renewal whose income level makes them ineligible for low-rent public housing must rely on the private market. Even if the market provides an ample supply of standard housing for their various income levels, housing needs, and neighborhood preferences, they face special problems that stem directly from the urban renewal program.[17]

First, demolition tends to reduce, at least for the short run, the quantity of housing available to families who live in the cleared area. Housing built in the renewed area is usually for middle and upper income families, beyond the financial means of most of the displaced.

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[11] Information from unpublished data of the Urban Renewal Administration.

[12] Philadelphia Housing Association, *Relocation in Philadelphia* (1958), pp. 22–23.

[13] Public Law 88–560, sec. 402.

[14] This was one of the relocation problems cited in the Nashville reply to the Advisory Commission-Conference of Mayors questionnaire.

[15] Citizens Housing and Planning Council of New York, Committee on Urban Redevelopment, *Toward a Better New York: A Report on the Urban Renewal Problems of the City, With Recommendations* (1960), pp. 14–15.

[16] Martin Millspaugh, "Problems and Opportunities of Relocation," *Law and Contemporary Problems*, XXVI (Winter, 1961), pp. 12–13. See also Connecticut Advisory Committee to the U.S. Commission on Civil Rights, *Family Relocation Under Urban Renewal in Connecticut* (Washington, July 1963), p. 51; and Chester Hartman, "The Limitations of Public Housing: Relocation choices in a Working-Class Community," *Journal of the American Institute of Planners*, XXIX (November 1963), pp. 283–296.

[17] Millspaugh, *op. cit.*, p. 14.

The 1954 Housing Act placed emphasis on rehabilitation for this reason, and later amendments have moved further in this direction. Even neighborhood conservation and rehabilitation, however, displaces many families. Code enforcement eliminates overcrowding or perhaps requires outright condemnation of some dwellings, forcing families out. It also forces an increase in rents to pay for required repairs and rehabilitation, again tending to cause displacement.

A second characteristic of the housing problem of families displaced by urban renewal and other Government action, distinguishing them from others contending with a limited housing supply, is the matter of timing. Displaced against their will, they cannot wait until the housing market suits them. Also, they must compete with others in the same position, such as other displacees of urban renewal and other governmental programs, new migrants to the city, and new families.

NEGROES, LARGE FAMILIES, AND THE ELDERLY

Especially hard hit by displacement due to urban renewal are nonwhite families, large families, and the elderly. Rehousing these groups was high on the list of "problems" reported by cities responding to the ACIR–CM survey, particularly the rehousing of large, low-income families. Dayton, Des Moines, Honolulu, New Haven, Norfolk, Oakland, Rochester, and Tampa were among cities making special note of these problems.

The most critical conditions confront Negroes, who represent a disproportionate part of the population occupying urban areas under renewal. Of the total number of families displaced by urban renewal in the 15 years ending on September 30, 1963, 63 percent of those for whom color was reported were nonwhite.

Nonwhites are disadvantaged in terms of education, income, employment, housing, and other social and economic characteristics. Their status is reflected in the fact that through September 30, 1963, 56 percent of displaced nonwhites were eligible for low-rent public housing, compared to 38 percent of whites. Moreover, even those who do have income enabling them to afford standard private housing often face obstacles of discriminatory real estate financing and zoning practices which reduce the supply of housing available to them. They find a shortage of land available to build on as well as a shortage of existing housing available to purchase or rent.[18] Those above the income level necessary to qualify for low-rent public housing find it more difficult to borrow than do white families of similar economic status. As a consequence, where urban renewal has been undertaken with too little regard for the problem of displacement, it has been disparaged with the name "Negro removal." Nonwhites have been forced into already crowded housing facilities, thereby spreading blight, aggravating patterns of racial segregation, and generally defeating the social purposes of urban renewal.[19]

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[18] In commenting on "Principal Problems" in the ACIR–CM survey, Allentown, Pa., said: "Need for more freedom of movement for minority families."

[19] See annual reports of U.S. Commission on Civil Rights, 1959, 1961, and 1963 (Washington: Government Printing Office); Connecticut Advisory Committee to the U.S. Commission on Civil Rights, *Family Relocation Under Urban Renewal in Connecticut* (Washington: Government Printing Office, July 1963); and Massachusetts Advisory Committee to the U.S. Commission on Civil Rights, *Discrimination in Housing in the Boston Metropolitan Area* (Washington: Government Printing Office, December 1963).

Secretary of Housing and Urban Development Robert C. Weaver has acknowledged the adverse impact of relocation on many Negro families:

> The contradiction between national purpose and local prejudice * * * has long been evident. In many cities, low-rent public housing programs are restricted to the crowded older areas, and have resulted in the construction of new housing in an environment of blight and segregation. The Federal urban renewal program has provided the means by which local public agencies could eliminate blighted housing and deteriorated areas of the central cities; but the net gains of this program have been seriously affected in many cities because of the existence of racial prejudice and discrimination. Local attempts to relocate families displaced by urban renewal projects into decent housing and better neighborhoods have been unsuccessful in many instances * * *. We have recognized these problems, and Federal programs are increasingly emphasizing more effective relocation at the local level. But the basic problem still harrasses us.[20]

Large families and the elderly are also severely affected by urban renewal displacement. The difficulties of housing large families have already been noted in connection with the shortage of large units in low-rent public housing. Large units are also in short supply in the private housing market, particularly where housing codes are enforced with respect to occupancy limits. This is one reason why code enforcement, while likely to cause less dislocation than clearance, still cannot avoid relocation entirely. Even so, public action to conserve and rehabilitate older, spacious dwellings seems a promising approach to accommodating displaced large families.

The elderly have special housing problems stemming from the "more or less inherent qualities of the aging process itself—decreasing physical ability and increasing psychological withdrawal among them—and by social forces that are almost equally as inherent, such as early retirement and the impersonality of urban living." [21] With generally low income and an inadequate supply of housing attuned to their needs, the elderly are especially vulnerable to disruption caused by urban renewal and other property acquisition proposals of government. The problems are compounded for the nonwhite elderly. As a consequence of this vulnerability and the growing size of the elderly population, particularly in urban areas, considerable attention is being directed toward their relocation when forced to move.

The Special Senate Committee on Aging, in October 1962, formed a Subcommittee on Involuntary Relocation of the Elderly. It reported in preliminary findings that the elderly represent the most difficult group to relocate satisfactorily and that in many cities production of housing suitable for them and within their economic means is not keeping pace with the rate at which such units are being torn down as a result of changes in urban land uses.[22]

A special study of the problems of elderly relocatees is now being conducted jointly by the University of Pennsylvania's Institute for Urban Studies and the National Association of Housing and Redevelopment Officials, under a Ford Foundation grant. An interim report

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[20] Robert C. Weaver, "Major Factors in Urban Planning," *The Urban Condition*, ed. Leonard J. Duhl (New York: Basic Books, 1963), p. 103.

[21] University of Pennsylvania and National Association of Housing and Redevelopment Officials, *Essays on the Problems Faced in the Relocation of Elderly Persons* (June 1963) (mimeo.), p. 29.

[22] U.S. Senate, *Developments in Aging, 1959 to 1963*, a report of the Special Committee on Aging, 88th Cong., 1st sess., Rept. No. 8, p. 112.

on the study takes note of the special social and psychological problems precipitated by relocation:

> Householders are faced with having to reconstruct their lives at a time that does not coincide with a planned or desired change. They must act quickly where no autonomous action would otherwise have occurred. They must terminate relationships and break routines that—especially for the elderly—have been equated with life itself.[23]

Under these circumstances, many people who have been uprooted by urban renewal have found it a shattering personal experience, with profound psychological and social aftereffects comparable to the grief that one experiences with the loss of a family member.[24]

MOVING COSTS

All families displaced by urban renewal or other government action are confronted with expenses of moving a home. Federal law authorizes localities to compensate urban renewal displacees for out-of-pocket losses attributable to "reasonable and necessary moving expenses and any actual, direct losses of property." The limit is $200 for the family or individual. Reimbursement is financed entirely by the Federal Government. In practice, few families or individuals are compensated for "losses of property." Ninety-eight percent of the total paid by the Federal Government has been for moving costs.

The Federal provision has been criticized for not covering costs necessarily involved in moving a family other than the direct cost of moving household goods. Items mentioned include utility deposits, appliance installations, redecorating costs, and payments of first month's rents in advance; or, if the home is purchased, down payments, closing costs, and necessary alterations. A number of cities responding to the ACIR-CM survey felt such items should be authorized for Federal reimbursement.

PROBLEMS OF DISPLACED BUSINESSES

Extensive testimony was presented to the House Select Subcommittee on Real Property Acquisition in 1964 by experts who had conducted special studies of business relocation problems under grants from the Urban Renewal Administration and Small Business Administration.[25] Dislocated businesses, they testified, are bearing a disproportionate share of the social cost of the projects which displace them. Many more of them are forced to shut their doors than are similar businesses unaffected by governmental action. A study of two urban renewal project areas concluded that the rate of business failure at least trebled during the project execution state compared with the rate of the preceding 5-year period.[26]

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[23] University of Pennsylvania and National Association of Housing and Redevelopment Officials, *op. cit.*, p. 41.

[24] See Marc Fried, "Grieving for a Lost Home," *The Urban Condition, op. cit.*, pp. 151–171.

[25] U.S. Congress, House, Public Works Committee, Select Subcommittee on Real Property Acquisition, *Hearings, Real Property Acquisition Practices and Adequacy of Compensation in Federal and Federally-Assisted Programs*, 88th Cong., 2d sess., 1964, especially pp. 121–132, 168–175, 190–195, 261–281, and 295–317. Also see National Federation of Independent Business, *Report on Survey of Adequacy of Compensation Paid to Firms Forced To Relocate Operations Due to Government Construction Projects* (Washington, August 1963).

[26] Select Subcommittee on Real Property Acquisition, *Hearings, op. cit.*, p. 122.

Studies of small business turnover throughout the United States show that the first 2 years of existence are the hardest, and the firm that survives 5 years has an excellent chance of continuing as long as the owner lives, or as long as there is any demand at all for the product or service it provides. Small businesses that have been operating over 5 years and then are displaced, however, show a much higher discontinuance or closing rate than similar firms not subject to displacement. The Urban Renewal Administration surveyed 50 local urban renewal agencies in 1963 to provide a representative national picture of the relocation of displaced businesses. This survey disclosed that 64.7 percent of all the displaced businesses reestablished operations while 35.3 percent went out of business.[27] This is significantly above the normal rate of business disappearance or liquidation.

The dislocation problem in urban renewal is mainly one of small businesses and particularly those owned and operated by the elderly. The typical small displaced business found in studies of Boston, Providence, New Haven, and Hartford is an independent commercial establishment, a partnership, or proprietorship, rather than a corporation. Owners are usually over 60 years old and are tenants without long-term leases. Apparently, however, there is no discernible difference between the ability of tenants and owners to relocate successfully. Commercial tenants pay very low rents and occupy small space. Almost invariably, they relocate in the same city and occupy about the same area *but at double the square foot rental.*

Special problems they face in displacement are: (*a*) shortage of time in relocating; (*b*) the shrinking supply of suitable space and rising rent levels due to competition from other displacees; (*c*) the fact that timing of their move is in the hands of others; and (*d*) the frequent impossibility of developing an internal financial position sound enough to qualify for loans.

The elderly fare far worse than other small businessmen. They have less capital and find it more difficult to obtain outside financing, including Small Business Administration loans. They have little energy or spirit to start again in a new location. The relocation problem is particularly serious for small enterprises operated by owners who depend on them for a livelihood. These are usually retail or personal service concerns. Difficulties are severe for the least specialized types of business, such as "Mom-and-Pop" grocery stores, as well as for those that require special zoning or licenses, such as taverns and liquor stores.[28] The impact on the elderly businessman is aggravated when he is a resident as well as a business operator in the displacement area. Relocation is then a personal and family disturbance as well as a threat to his livelihood.

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 equip-

[27] U.S. Congress, House, *Study of Compensation and Assistance * * *, op. cit.*, p. 29.

[28] Two problems cited by Rochester, N.Y., in the ACIR-CM survey were "difficulty in relocation of the neighborhood oriented business" and "restriction of movement of package liquor stores and bars to New York State Liquor Authority regulations; though recent modifications have been made in liquor code, relocation possibilities for this kind of business are still limited."

ment because of short amortization schedules. In addition, 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. The personal and psychological consequences of depriving an independent businessman of his livelihood and putting him on public welfare can be imagined.

Adding to the relocation difficulties of displaced businesses is the economic hardship they may suffer in the critical period between announcement and start of an urban renewal project. The announcement creates a "wet blanket" effect which depresses the area. Tenants are anxious to move out, thus decreasing the area's attractiveness and lowering the income of property owners. During demolition and construction, businessmen who remain in the area lose income. They sustain further losses during the actual period of packing, moving, and resettling at a new location. Finally, adjustment to the new location requires at least 6 months and perhaps as long as the "critical 2 years" during which survival of new businesses is most in doubt.

Frequently, businesses would like to return to the renewed area but face appalling obstacles. Many difficulties of the first move out of the renewal area must be repeated. Rents in the renewal area are invariably higher and space is less likely to be suitable to their needs. Finally, small commercial establishments, which relied originally on a neighborhood trade, now find that their market has dispersed.

Prof. William N. Kinnard, Jr., summarized recent findings on the problems of business relocation: [29]

1. Relocation payments are useful but hardly sufficient to compensate the businessman for all losses involved.

2. Some affected businesses are marginal or even submarginal and could not be saved under any circumstances. Even so, many that discontinue or disappear could have survived in their previous locations or, under conditions of voluntary relocation, in other locations as well.

3. Compensation for real property solely in terms of the prices and rentals paid in the old location fails to recognize that the public program, by removing some of the supply of business space and creating a large volume of demand at one time, changes the market confronting the businessman who is forced to relocate.

4. Businesses that disappear or discontinue often involve a loss of livelihood for the owner-operator and his employees, particularly the older ones.

5. Businessmen need loans as well as grants to see them through the period of interrupted income.

6. A large proportion of businessmen and their employees may remain without income for a long time. They often must be supported by public assistance and need the help of social agencies.

7. A very large share of the displaced businesses are tenants who are in no way benefited by compensation for real property takings.

Government Relocation Assistance

The public programs that displace people and businesses make varying provisions for relocation aid. Tables 13 and 14 summarize the pay-

[29] Select Subcommittee on Real Property Acquisition. *Hearings, op. cit.*, pp. 309–311.

TABLE 13.—*Statutory maximum relocation payments authorized for Federal and federally aided programs*

Department or program	When individual or family is displaced from dwelling	When displaced business terminates (does not move)	When displaced business reestablishes
Urban renewal, public housing, neighborhood facilities, open space, and code enforcement.	Moving expenses and losses on disposition of personal property to $200 for anyone, plus relocation adjustment payment up to $500 for low and moderate income families and elderly individuals, the exact amount depending on family's or person's income and the rental level of available housing; plus certain expenses for conveying property to Government.	$3,000 (almost exclusively for losses on disposition of personal property) plus an additional flat $2,500 for firms with average annual net earnings of less than $10,000 per year which are not part of an enterprise having establishments outside the urban renewal.	Loss of property only to $3,000; or moving expenses and loss of property combined to $3,000; or *total* certified moving expenses without limit; plus additional flat $2,500 allowance as for firms terminating.
Mass transportation and community facilities.	Same as urban renewal	Same as urban renewal	Same as urban renewal.
Federal-aid highways [1]	$200 (moving expenses only)	No payment	$3,000 (moving expenses only).
Defense Department; Interior (except National Park Service); NASA.	"Fair and reasonable costs" [2] (moving expenses, costs in search for replacement property, costs to obtain financing, and closing costs for replacement property).	do	"Fair and reasonable costs" [2] (moving expenses, costs in search for replacement property, costs to obtain financing, and closing costs for replacement property).

[1] This is the only program among those listed in which relocation expenses are not paid entirely with Federal funds. Payments are authorized on a matching funds basis only where States make payments pursuant to State law.

[2] Statute limits total payment for all relocation claims pertaining to a parcel of real property to 25 percent of its fair market value. Select Subcommittee on Real Property Acquisition staff found no cases in which it was necessary to reduce a payment because of the statutory limitation; however, current programs of these agencies generally cause displacements only in rural areas or occasionally in very small urban areas.

Source: Study of Compensation and Assistance, op. cit., p. 101 and Public Law 89-117, approved Aug. 10, 1965.

TABLE 14.—*Statutory requirements for relocation assistance and assurance of standard housing in Federal and federally aided programs*

Department or program	Relocation assistance		Assurance of standard housing
	Persons	Businesses	
Urban renewal, public housing, neighborhood facilities, open space, and code enforcement.	Secretary of DHUD issues regulations requiring a relocation assistance program including measures to (1) determine needs of families and individuals for relocation assistance, (2) provide information and assistance to aid in relocation and otherwise minimize hardship of displacement, and (3) assure necessary coordination of relocation activities with other governmental actions in the community which may affect carrying out of relocation program.	Same as for persons	Loan or capital grant contracts require local public agencies to show, within a reasonable time prior to actual displacement, that there is a feasible method for temporary relocation of displaced families and individuals and that there are decent, safe, and sanitary dwellings equal to number of displaced units. Rehousing units must not be generally less desirable in regard to public and commercial facilities, and must be at rents within the financial means of the displaced and reasonably accessible to their places of employment.
Mass transportation and community facilities.	None	None	Same as urban renewal.
Federal-aid highways	Secretary of Commerce requires State highway departments to give satisfactory assurance that relocation advisory assistance shall be provided for relocation of families. No requirement that advisory services be directed toward finding decent, safe, and sanitary housing at prices or rents within their means.	do	None.
Defense Department; Interior (except National Park Service); NASA.	None	do	Do.
TVA	Authorized to advise and cooperate in readjustment of population displaced by its projects and to cooperate with Federal, State, and local agencies to that end.	do	Do.

Source: Urban renewal—Housing Act of 1949, as amended through Sept. 2, 1964, and Housing Act of 1964, Public Law 88-560, approved Sept. 2, 1964, Public Law 89-117, approved Aug. 10, 1965; public housing—Public Law 88-560, Sept. 2, 1964, Public Law 89-117, approved Aug. 10, 1965; mass transportation—Public Law 88-365, 88th Cong., July 9, 1964, Public Law 89-117, approved Aug. 10, 1965; federally aided highways—Federal Aid Highway Act of 1962, act of Oct. 23, 1962, 76 Stat. 1145, 1146, 23 U.S.C.A. 133; Department of Defense—Act of Sept. 2, 1962, 76 Stat. 511, 10 U.S.C.A. 2680; Department of the Interior—Act of May 29, 1958, 72 Stat. 152, 43 U.S.C.A. 1231, et seq.; National Aeronautics and Space Agency—Act of Aug. 14, 1962, 76 Stat. 382, 384, 42 U.S.C.A. 2473; Tennessee Valley Authority—16 U.S.C.A. 831c(1).

ments and assistance available for Federal and federally aided programs. Urban renewal and public housing have gone further than any other programs in making Federal funds available to compensate people for the costs of relocation, and in requiring local governments using the program to help displaced families, individuals, and businesses find new quarters at prices they can afford. Relocating people in sound housing is a particularly appropriate concern in the case of urban renewal, since a major statutory goal of the Federal program is the "realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family." [30]

The Federal aid highway program, the second major source of displacement, provides considerably less assurance that displaced individuals and families will be spared hardship and will be "made whole." Unlike urban renewal, no assurance is required of responsible public officials to show that there is a "feasible method" of relocating families and individuals and an adequate supply of standard housing available or being made available and within their means. An advisory service is required, but it applies only to families, not individuals and businesses, and is far short of the requirement of the Housing Act for a positive relocation assistance program, applicable to all three categories of displacees. Relocation payments are authorized, not required, with the result that in 17 States displacees are not entitled to payments under the Federal act, including such urbanized States as California, Illinois, and Texas. Payments to businesses are limited to a maximum of $3,000 for expenses of moving up to 50 miles and may not include payment for direct loss of personal property. Finally, the cost of administering the relocation program qualifies for reimbursement by the Federal Government as part of the project cost, that is 90 percent for interstate highways and 50 percent for primary-secondary highways.

The many inconsistencies in relocation aid lead to unequal treatment for people in urban areas where different Federal and Federal grant-in-aid programs displace neighboring properties. A homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to $200. His neighbor, whose property is taken for a federally aided highway program, is entitled to $200 only if the State has authorized it. Among the 33 States that have done so, an appreciable number have not authorized payments up to the Federal limit, or not for tenants. A third homeowner in the same neighborhood may receive nothing beyond market value if his property is taken by the General Services Administration for a Federal office building. Inconsistency in payment of business moving expenses is even greater, since the Federal Aid Highway Act allows business moving expenses only up to $3,000, while displacement by a federally aided urban renewal project entitles a business owner full cost of moving expenses. Displacement by GSA would be without compensation for moving costs. Advisory assistance extended under Federal urban

[30] 42 U.S.C.A. 1441 (Housing Act of 1949).

renewal is the most comprehensive. The Federal highway program provides no service to businesses and individuals, and only TVA among other Federal programs is required to give any kind of advisory help.

Varying State and local practices lead to still further inequalities in relocation in different parts of the country and even within individual States and communities. Connecticut, Massachusetts, New York, and Pennsylvania contribute to the local share of urban renewal costs, including the cost of relocation administration. Relocation expenses, however, are 100 percent federally financed. In New York, the State reviews local urban renewal relocation plans and performance in determining eligibility for State contributions to urban renewal. A few States also provide technical assistance for local renewal programs, including assistance in techniques of relocation. Several States have general statutes requiring relocation payments to people and businesses displaced by any property takings by State or local authorities: among them are Maryland, Wisconsin, Pennsylvania, Minnesota, and Tennessee. A few other States have established study commissions to review eminent domain procedures; the work of these commissions may well lead to additional comprehensive State legislation affecting relocation payments and procedures.

At the local level, about half the cities that reported displacements for public buildings in response to the ACIR–CM survey paid moving expenses for both families and businesses. Almost all offer relocation advisory service to people and businesses displaced for public buildings. Fewer localities offer relocation aid to people displaced by code enforcement. Only 5 of the 69 cities reporting code enforcement displacement in the ACIR–CM survey paid for moving expenses and property losses. Many more provide some form of advisory assistance.

Cities in the ACIR–CM survey were asked their views on the desirability of uniformity. A typical response was: "The reason for uniform practices in relocation payment and service among agencies of all three levels of government seems readily apparent." Of the 100 cities responding, 86 answered this question:

*** * * 71 favored uniform practices in relocation payments and services among *all local* agencies.**
*** * * 70 favored uniformity among *all State* agencies causing displacement.**
*** * * 74 favored uniformity among *all Federal* agencies causing displacement.**
*** * * 72 favored uniformity among agencies of *all three levels of government* causing displacement.**

Adding emphasis to these opinions, a substantial number of cities mentioned "uniformity" when asked what actions, at each of the levels, would contribute to more effective resolution of their relocation problems. A number described the impact of nonuniformity on citizens forced to move. Chicago commented, for example:

Families on one side of a street may be displaced by urban renewal and obtain numerous services, whereas families on the other side of the same street may be displaced by an expressway and receive relatively few services. In the one case a relocation payment is processed; in the other there is no relocation payment.

The disparities in aid and resulting feelings of unequal treatment are even more extreme for displaced businesses since the two major displacing programs—urban renewal and highways—differ markedly in their payments and services. Other programs extend little or no assistance to businesses.

Other Relocation Resources

Aside from the payments and advisory assistance described above, a number of other public programs have much to do with the ability of people and businesses to cope with the problems of relocation. Federal, State, and local housing programs can be used to expand the supply of sound low-cost housing, which is the prime requirement for successful relocation of families and individuals. Other welfare programs concerned with public assistance, employment security, job training, and aid to small businesses can alleviate some of the stresses of business relocation and help both owners and employees adjust to the economic shocks generated by displacement. State and local programs are too numerous and diverse to be reviewed here, but the major Federal programs can be summarized briefly.

Local planning for both residential and business relocation under urban renewal is facilitated by Federal grants that pay up to two-thirds of the cost incurred in preparing a community renewal program (CRP) covering the full range of urban renewal action required to meet local needs. A community renewal program is intended to help a community approach its problems of blight on a citywide, rather than a piecemeal, basis. All the deteriorated and declining areas of the city can be identified and classified as to relative urgency and degree of urban renewal action needed. Included in the program is determination of relocation resources needed and available for renewal projects.[31]

The Small Business Administration (SBA) is authorized to make below-market interest loans for up to 20 years to help small business concerns reestablish themselves if they have suffered substantial economic injury as a result of displacement by an urban renewal project or any other construction conducted or financed by the Federal Government.[32] Under the 1964 Housing Act, moreover, the SBA is also directed to provide relocation assistance and information for small business concerns to be displaced from urban renewal areas at the earliest practicable time.[33] The Manpower Development and Training Act [34] and the Economic Opportunity Act of 1964 [35] provide additional help for retraining people whose jobs are eliminated by business failures.

With respect to providing relocation housing, preference for admission to new or existing low-rent public housing is provided by law for families of low income displaced by urban renewal or other action

[31] 42 U.S.C.A. 1453(d).
[32] 15 U.S.C.A. 636(d)(3).
[33] Public Law 88–560, sec. 305(c)(3).
[34] Public Law 88–214.
[35] Public Law 88–452.

by governmental bodies.[36] Section 221 of the National Housing Act authorizes the Federal Housing Administration (FHA) to provide liberal mortgage insurance on new or rehabilitated housing for sale or rent to families displaced from urban renewal areas or by other governmental action. Section 221(d)(3) provides a below-market or low-interest-rate rental housing program for displaced families and other low- and moderate-income families. Such mortgages are available in communities having an approved workable program and may be obtained by nonprofit corporations, limited dividend corporations, public bodies (except local housing authorities which provide only federally assisted low-rent public housing), and cooperatives.[37] The low-income housing demonstration program authorizes exploration of new and improved means for providing housing for low-income families[38]; and the urban renewal demonstration program makes grants for demonstration projects to improve urban renewal, including the relocation process.[39] Finally, the 1965 Housing Act authorizes rent subsidies to enable displaced low-income families to live in moderate-rent housing developments built by nonprofit sponsors with Federal financing.[40]

Results of Relocation

The performance of public agencies responsible for relocation is difficult to gage and is a subject of considerable controversy. Once again, more is known about experience with urban renewal than with the other progams that displace people, but even here the results are disputed. It is clear, however, that many forms of assistance authorized by law are often not given in practice. Between 1961 and 1964, for example, the Small Business Administration made only 278 loans to businesses displaced by Federal and federally aided programs.[41] And of the 177,000 families, 66,000 individuals, and 39,000 businesses displaced by urban renewal between 1949 and September 30, 1963, only about half received relocation payments to which they were entitled by law. According to information presented by URA Commissioner William L. Slayton, relocation payments were made to 88,000 families, 32,000 individuals, and over 21,000 businesses from 1949 through June 30, 1963. These payments averaged $69 per family, $45 per individual, and $1,405 per business firm.[42]

The widespread incidence of business failure after displacement and the prevalence of substantial rent increases for commercial space after relocation have already been mentioned. The social and psychological

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[36] 42 U.S.C.A. 1410(g).
[37] 12 U.S.C.A. 1715(l).
[38] 42 U.S.C.A. 1436.
[39] 42 U.S.C.A. 1452(a).
[40] Public Law 89–117, sec. 101. As of January 1966, funds had not yet been appropriated to implement the rent subsidy program.
[41] Information received from Small Business Administration, Washington, D.C., Oct. 20, 1964. For further analysis of SBA loan operations, see *Study of Compensation and Assistance, op. cit.*, pp. 455–471.
[42] William L. Slayton, Commissioner, URA, *Report on Urban Renewal.* Statement before the Subcommittee on Housing, Committee on Banking and Currency, U.S. House of Representatives, Nov. 21, 1963 (Washington: Government Printing Office, 1964), p. 414.

toll of relocation has also been suggested. Little can be done to compensate people for the loss of familiar neighborhoods, the scattering of friends and relatives, the dispersal of churches and other local institutions, or the destruction of a small business built up over many years. Increased awareness of these effects of displacement has led in some cities to greater sensitivity in the choice of areas for renewal or highway locations, and to greater emphasis on neighborhood improvement rather than clearance in urban renewal.

There is little disagreement about the effect of relocation on the housing conditions of displaced families in the early years of urban renewal. Robert C. Weaver, Secretary of Housing and Urban Development, has stated that through the mid-1950's "relocation often created additional slums and brought blight into new areas" and that "relocation was often poorly done and human suffering frequently occasioned." [43] Many current provisions for relocation assistance under urban renewal and many innovations in Federal housing programs were instituted in an effort to improve upon the poor quality of earlier relocation.

Renewal officials and outside observers disagree in their evaluation of more recent relocation experience. Statistics compiled from the reports of local renewal agencies indicate that over 90 percent of relocated families whose postrelocation housing conditions are known have moved into sound housing.[44] Several informed critics of the program have questioned the reliability of these local reports; independent studies have generally reached less optimistic conclusions about the quality of postrelocation housing.[45] Independent studies and a recent survey undertaken for HHFA agree in their finding that relocated families typically pay higher rents in their new housing.[46] A recent review of a large number of relocation studies concludes that "on the whole relocation has made a disappointingly small contribution to the attainment of 'a decent home in a suitable living environment for every American family.' Given the premise that one of the cardinal aims of renewal and rehousing should be the improved housing welfare of those living in substandard conditions, it is questionable whether the limited and inconsistent gains reported in most studies represent an acceptable level of achievement." [47]

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[43] Robert C. Weaver, *The Urban Complex: Human Values in Urban Life* (Garden City, N.Y.: Doubleday, 1964), pp. 53, 54.

[44] William L. Slayton, *Report on Urban Renewal, op. cit.*, p. 410.

[45] See Chester W. Hartman, "The Housing of Relocated Families," *Journal of the American Institute of Planners*, XXX (November 1964), pp. 266–286; Charles Abrams, quoted in "Meeting of Six Minds," National Housing Conference, *The Housing Yearbook, 1962* (New York: Abco Press, 1962), p. 11; Alvin L. Schorr, *Slums and Social Insecurity* (Washington: Government Printing Office, 1963), pp. 62–67.

[46] Chester W. Hartman, "The Housing of Relocated Families," *op. cit.*; Housing and Home Finance Agency, *The Housing of Relocated Families* (Washington: Office of the Administrator, HHFA, March 1965). The HHFA report is based on a special survey of relocation housing conducted in 1964 by the U.S. Bureau of the Census, which indicated that 94 percent of the families covered had been relocated in standard housing. This finding must be qualified by a number of limitations of the census survey: the study covered only displaced families, not displaced individuals; of the original sample of 2,842 families, 542 were "lost" and no information was available on their rehousing; no information is presented on how many relocated families were living in other areas slated for clearance; the report presents aggregate data for the entire country, including many small cities outside metropolitan areas.

[47] Chester W. Hartman, "The Housing of Relocated Families," *op. cit.*, p. 275.

Toward Improved Relocation

The inadequacies of urban renewal relocation are a measure of the difficulty of the problem, for no program currently provides more generous or comprehensive relocation assistance than urban renewal. Shortcomings that have become apparent in urban renewal exeprience are probably magnified many times in displacement caused by other public programs. A first step toward improving relocation performance generally would be to standardize the assistance given to displaced people and business firms at least at the level now provided in urban renewal, and public housing.

It may be argued that the goal of improving housing conditions for displaced families is uniquely relevant to the statutory purposes of urban renewal—more so than to other public programs that displace people. Yet to marshal public resources for the sake of providing decent housing for all in renewal and housing programs, while tolerating governmental relocation procedures that retard progress toward the national housing goals, is surely self-defeating. The Commission has concluded that the provision of standard housing for all is a national goal of preeminent importance, and fully justifies requiring that standard housing be available to all those displaced by governmental programs, even if this approach occasionally means postponing progress in some public programs.

Aside from the importance of continued progress toward national housing goals, basic considerations of equity argue strongly for standardizing relocation assistance and payments. President Kennedy thought in these terms in his 1962 transportation message to the Congress, when he recommended extending relocation assistance patterned on urban renewal provisions to the Federal aid highway program and the urban mass transportation program, in order "to move toward equity among the various federally assisted programs causing displacement."

The Federal Government is still a long way from achieving this equity. Congressional action is needed to establish a uniform policy of relocation payments and advisory assistance for people and businesses displaced by direct Federal programs and by Federal grant-in-aid programs. To assure equity under other State and local programs as well, legislation is also needed at the State level to establish a uniform policy covering displacement resulting from State and local programs.

The relationship of adequate relocation to national housing goals, and national concern for equal treatment for all displacees, make improvements in relocation provisions of Federal grant programs a national issue rather than one that may be left to the discretion of States and cities receiving the grants. A local approach to relocation would in fact assure continued inequality of treatment, with each community setting its own standards. Adequate relocation is often considered peripheral to local program goals and consequently tends

to receive low priority.[48] The need for Federal and State action is clear from the record of poor relocation performance in many cities and from the fact that a majority of States have not chosen to make highway relocation payments or are making payments below the maximum for which Federal reimbursement is authorized.

An important move toward uniform policy in Federal grant-in-aid programs would be to extend 100 percent Federal financing of relocations costs to all such programs. Currently the Federal Government pays full relocation costs, subject to certain statutory limits, for relocation under the urban renewal, public housing, and mass transportation programs. In the federally aided highway program, relocation costs are shared on the basis of the project cost-sharing formula: 90 percent Federal aid on the interstate system and 50 percent on the primary-secondary highway system.

Similarly, the State interest in uniform relocation policy among different localities calls for a reexamination of the financing of relocation costs under State grant-in-aid programs. Although a number of States require localities to make relocation payments in connection with land takings under eminent domain statutes, it is significant that no State currently contributes toward these costs. Where a local project is conducted under a State grant-in-aid program, relocation costs are clearly a legitimate charge against the program. The Commission has therefore recommended that States share in local relocation costs under the normal aid distribution formula for each State-aided program.

Advisory Assistance and Welfare Programs

Effective relocation requires both direct assistance to those who are displaced and additional measures to assure an adequate supply of housing that displacees can afford. Advice and counselling alone are insufficient if the housing that is needed does not exist. Advisory assistance is nevertheless an important part of helping displacees cope with the burdens of relocation. Such assistance is particularly needed by the poor, minority groups, the elderly, and the small businessmen who are most disrupted by a forced move. Assistance may consist of information, advice, guidance, and other aids necessary to minimize the hardship of relocation. Cities with most success in relocating families and individuals have done intensive counselling just prior to displacement, using full-time professionally trained social workers (sometimes on loan from public welfare agencies); they have gathered and disseminated a wide range of suggestions about suitable housing; and they have made a preentry check of every dwelling selected by a displaced family to ascertain whether it was substandard or showed signs of becoming substandard. Followup, continuing some time after actual relocation, is necessary to assure that displacees have made a satisfactory adjustment in a standard dwelling or a new business.

[48] See Bernard J. Frieden, "Toward Equality of Urban Opportunity," *Journal of the American Institute of Planners*, XXXI (November, 1965), pp. 320–330.

Merely relocating in a similar building on another site may not be feasible for many small businesses because of the importance of their neighborhood trade. To help owners of such businesses make a satisfactory adjustment requires heavy emphasis on advice, counselling, perhaps special assistance in financing a new operation, and, if the owner does not wish to stay in business, other types of assistance to help him earn a living in some other occupation. Thus, governmental assumption of responsibility for helping to relocate displaced businesses and helping owners adjust to forced change should go beyond mere moving of a business establishment.

Beyond advisory assistance, positive measures to aid displaced people and businesses can be taken under other public programs. An important part of the advisory service, in fact, is to make people aware of other programs that can help them. And a parallel effort is necessary to review relevant programs and make appropriate modifications to that they can provide necessary help. For example, the Commission has recommended extending authorizations for Small Business Administration "disaster loans" to make them available to small business concerns adversely affected by property takings to all levels of government. Currently such loans are authorized only for firms affected by Federal and federally aided programs. Further, they are now available only for firms whose property is actually taken; clearance projects, however, may remove a store's patronage without actually displacing the business.

In the case of displaced families and individuals, the greatest need is to expand the supply of low-cost housing in sound condition. Here the programs that exist generally require the active participation of local governments—to sponsor public housing or to help nonprofit groups to build middle-income housing by making necessary zoning changes, for example. In addition to Federal housing programs, about 15 States provide financing for low-rent housing or housing for veterans or the elderly. The need here is to encourage more widespread local use of programs that already exist and to stimulate additional State programs where they are needed. A useful first step would be to require in Federal legislation that State and local governments administering Federal grant-in-aid programs assure the availabiliy of an adequate supply of standard housing at reasonable cost before proceeding with any property acquisition that displaces people. Similar provisions are now embodied in Federal urban renewal legislation. A complementary measure at the State level would take the form of legislation requiring State and local agencies to assure the availability of suitable and sufficient relocation housing before proceeding with property acquisition that displaces people.

Intergovernmental Competition and Metropolitan Housing

In metropolitan areas the housing market is areawide, subject to the limits of convenient traveltime to jobs and shopping and to individual neighborhood or community preferences. The most effective

use of this market for residential relocation requires a metropolitan perspective in planning for relocation as well as cooperation among local government units to provide needed relocation housing throughout the area. In practice, metropolitan approaches to relocation and cooperation in housing policies are usually lacking.

A recent study of metropolitan planning has noted the need for metropolitan approaches to relocation planning:

> Local renewal authorities must furnish evidence that decent housing is available for relocation within the metropolitan area, but the reports of local authorities are often poor substitutes for a study of the metropolitanwide housing market. Various local agencies may each lay claim to the same vacancies as resources for relocation; vacant units within one locality may be counted as relocation reserves in the reports of several different renewal authorities. In addition, unless the total metropolitan housing demand is taken into consideration, a simple count of vacancies may fail to reveal that families other than those to be displaced by urban renewal are likely to occupy them. * * * Metropolitan housing studies, which should be conducted as part of the work program of a metropolitan planning agency, would make possible a more realistic overall assessment of an area's housing resources, and would furnish the basis for a comprehensive attack on the problems of slums. Particular renewal projects could be reviewed in the light of such studies, and modifications could be indicated where the metropolitan picture reveals inadequacies in the supply of relocation housing.[49]

Metropolitan planning agencies can appropriately undertake such studies, and Federal aid is available to them for this purpose. In addition, localities undertaking comunity renewal programs are required to include consideration of metropolitan factors related to relocation.

The problem of securing cooperation with neighboring localities is still more fundamental and reveals serious obstacles to effective relocation. The structure of local government and finance in metropolitan areas tends to penalize communities where poor people live. Low-income families need many services; yet they contribute relatively little in the way of local taxes. In particular, low-income housing generally does not yield sufficient property taxes to cover the cost of educating school children who live there and providing other necessary public services. Since local property taxes continue to serve as the mainstay of municipal finance, many communities attempt to use land development controls (zoning, subdivision regulations, building codes) to discourage the construction of low-cost housing. Instead, they compete for "clean" industry, shopping centers, and high-value housing, all of which typically yield a property tax surplus over the service expenses they necessitate. These local policies tend to raise the cost of new housing, contrary to Federal housing policy which has long attempted to stimulate the production of moderate-cost housing. Further, localities pursuing these policies are not likely to make much use of public housing and similar programs to produce housing at moderate cost.

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[49] Joint Center for Urban Studies of Massachusetts Institute of Technology and Harvard University, *The Effectiveness of Metropolitan Planning*, prepared in cooperation with the Subcommittee on Intergovernmental Relations of the Committee on Government Operations, U.S. Senate (Washington: Government Printing Office, 1964), p. 13.

Thus considerations of local finance join with social prejudice to produce policies that reinforce the social and economic disparities noted earlier. Families displaced from low-cost housing in the older cities often confront obstacles created by restrictive zoning practices, failure to authorize public housing, and other public and private actions in the suburbs that restrict housing opportunities and retard freedom of residential movement.[50]

Cities covered in the ACIR–CM survey were asked, "What actions, if any, by other *local* governments in your area (including counties and neighboring municipalities) would contribute to more effective handling of your relocation problems?" Their responses indicated the prevalence of restrictive local housing, zoning, and building code policies:

(We need) more low income housing in suburbs.—Buffalo.

If they [neighboring municipalities] would adopt a fair housing ordinance in their communities.—Cleveland.

Overall consideration of housing problems in the bay area would be helpful. The development of a comprehensive program for meeting the needs on an area-wide basis would enable consideration of such factors as land costs, employment opportunities, etc., in relation to the various sections of the bay area.—San Francisco.

The suburban areas, because of present real estate practices, or because of the economics of the metropolitan market, are pretty much closed to displaced families in the District of Columbia * * * [we need] a fair housing ordinance [in the suburbs], such as that now in effect in the District of Columbia.—Washington, D.C.

[County and neighboring municipalities action needed]: Making information available through uniform reports on additions to the housing supply and any deletions from the same supply together with information on the vacancy ratio and rate of turnover * * *. Through local building and housing codes and zoning ordinances which were created to provide varying types of housing in terms of price, size, and density.—Minneapolis.

Regional centralized service and technical assistance in prediction of housing supply and housing requirements to those displaced.—Oakland.

Creation of low and middle income housing and open housing policy [in suburbs].—Rochester, N.Y.

The county should adopt suitable building and minimum housing codes.—Wichita.

Zone land for new housing to allow construction of moderate income rental and sales housing.—Hartford.

Intergovernmental Action

Many Federal and State measures would help enlarge freedom of residential movement in metropolitan areas and add to the general supply of low-cost housing, despite the prevalence of interlocal competition to exclude the poor and attract tax resources. The Commission has recommended the enactment of State legislation to restrict zoning authority in metropolitan areas to larger municipalities and to county government and to require that zoning authority be exercised to permit a wide range of housing prices within each jurisdiction; enactment by States of legislation authorizing adoption of uniform housing,

[50] See Bernard J. Frieden, *op. cit.*

building, subdivision, and zoning codes in metropolitan areas; amendments to Federal and State housing statutes to diversify and disperse low-income housing, including more frequent use of existing units for public housing, subsidies of rents in existing housing, and financial aids to private nonprofit organizations for provisions of low-rent housing; encouragement of State-Federal cooperation in administering laws banning discrimination in housing; and State enactment of legislation authorizing counties in metropolitan areas to provide urban renewal and public housing services to unincorporated areas and small municipalities. These measures for a general increase in housing opportunities in metropolitan areas would contribute measurably to meeting the basic relocation problem—adequate housing.

A more basic approach would seek to moderate the interlocal competition that restricts housing opportunities by removing financial incentives for communities to exclude the poor. This approach would attempt to equalize local governmental finances and thus to alleviate tax burdens for communities where the poor are located. For these purposes, the Commission has recommended that States review their present systems of grants, shared taxes, and local tax authorizations to remove features that aggravate differences in local fiscal capacity to deal with service requirements; that States finance at least half the cost of general assistance welfare programs; that States consider using grant funds to equalize local property tax loads among local jurisdictions in metropolitan areas; and that the Federal Government recognize variations in local fiscal capacity in making grants to local governments.

In the area of Federal policy, the Commission has supported measures now before Congress, S. 1681, the "Uniform Relocation Act of 1965" and similar provisions included as title VII of the Intergovernmental Cooperation Act of 1966. These bills would close an important gap by requiring heads of Federal agencies to make relocation payments and to provide advisory assistance in direct Federal programs that cause displacement, such as those of GSA, the Post Office Department, and the Defense Department. The same set of requirements for payments and assistance would apply to federally assisted programs conducted by State and local governments. Further, the bills would require State and local governments administering Federal grant-in-aid programs and Federal agencies undertaking projects to assure the availability of standard relocation housing before proceeding with any property acquisition that displaces people, thus extending a statutory requirement that now applies only to urban renewal and public housing. The bill also provides full Federal reimbursement for State and local relocation payments up to $25,000 in federally aided programs, and on a formula cost-sharing basis for any expenses above $25,000 per displacement.

Specific recommendations to achieve greater uniformity in relocation policy are presented in chapter VII, pages 149–154, within the context of the Commission's overall program for equipping governments to deal with urban development problems.

Chapter V

METROPOLITAN REORGANIZATION

Problems such as water supply and sewage disposal, or relocation, illustrate the ways in which governmental responsibilities today have burst out of the boundaries of local communities in metropolitan areas. In other fields as well, such as transportation and air pollution control, local governments acting independently have become increasingly unable to meet the needs either of their own citizens or of the broader metropolitan population.

Local governments take many kinds of measures to improve their ability to handle problems that have outgrown existing boundaries and powers. Sometimes these measures are limited to a specific function, such as contracting to buy water from a nearby city, but often they are intended to strengthen the capacity of a government to deal with a broad range of responsibilities. The system of government in metropolitan areas has considerable flexibility, and many alternatives can be exploited. This chapter will review the main approaches that local governments use in enlarging their powers, jurisdictions, or structures in order to handle urban problems more effectively. Each method of reorganizing local government in metropolitan areas has its strengths and weaknesses, and these will be evaluated to give a sense of the applicability and effectiveness of each. Aside from questions of effectiveness, however, governmental reorganization efforts must meet stern tests of political reality. Voter reactions to a number of reorganization proposals will be considered, in order to assess the main political obstacles. Finally in this chapter, metropolitan planning will be considered as another significant way of improving governmental performance of areawide functions, in this case without necessarily restructuring the powers or jurisdiction of local governments.

Evaluating Alternatives for Governmental Reorganization

A number of criteria can be suggested for evaluating the geographical jurisdictions and powers of local governments, based on considerations similar to the criteria for performing urban functions, as described in chapter III. In principle, local governments should have jurisdiction over a large enough area to permit them to cope adequately with the problems that their citizens expect them to handle. They should be able to raise sufficient revenue, and to do it equitably. They should retain flexibility to adjust their boundaries to meet changing conditions. They should be organized to handle a variety of functions rather than only one or two, so that they can exercise political responsibility for balancing total local needs and resources. They should be able to take advantage of economies of scale, and, at the same time, be accessible to and controllable by the people they serve.

The last criterion applies not only to the size and powers of a government, but also to the number and responsibility of elected officials, provisions for notice and hearings on proposed policy changes, methods for receiving and acting on complaints and other citizen initiatives, and appropriate review of government actions in the courts. Size is also at issue here, for the advantages of small size for citizen control and participation must be weighed against the merits of larger size for democratic government as well as economy in providing services. The larger the area of government, as James Madison argued in *The Federalist*, the less likely is it that any one special group will dominate the government, and thus the more likely is it that many diverse groups of the community will have their interests respected.[1] The prevalence of social and economic disparities between different parts of metropolitan areas lends additional weight to the case for drawing governmental boundaries broadly enough to encompass a diversity of social and economic interest groups.

The many approaches to governmental reorganization will be taken up in a sequence that moves generally from smaller to larger structural modifications: use of extraterritorial powers, intergovernmental agreements, voluntary metropolitan councils, the urban county, transfer of functions to State governments, metropolitan special districts, city-county separation, city-county consolidation, and federation.

1. EXTRATERRITORIAL POWERS

Extraterritorial powers are powers that a city is permitted to exercise outside its boundaries to regulate activities there or to assist in providing services to people within its boundaries. The use of these powers varies considerably among the States and according to the type of power authorized.[2] State governments are relatively generous in permitting cities to go beyond their boundaries to provide services to their residents, such as obtaining water or disposing of sewage in other jurisdictions. Many cities also exercise police powers in health matters, such as milk and meat inspection, beyond their borders. About 30 States have given cities jurisdiction for regulating subdivisions in unincorporated territory lying a specified distance beyond their boundaries.[3] Few States, however, have given cities power of extraterritorial zoning.[4]

Considerable attention has been given to extraterritorial planning, zoning, and subdivision regulations, which can be effective in dealing with the problems of rapid growth in unincorporated fringe areas, particularly where county governments do not provide this regulation. There is further justification for this extraterritorial regulation in that uncontrolled fringe development can have deteriorating effects on neighboring areas of the city, and can complicate the provision of such services as fire protection and traffic control within the city.

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[1] *The Federalist* (New York: The Modern Library, n. d.), pp. 53–62.

[2] Russell W. Maddox, *Extraterritorial Powers of Municipalities* (Corvallis, Oreg.: Oregon State College, 1955). See also W. W. Crouch, "Extraterritorial Powers of Cities as Factors in California Metropolitan Government," *American Political Science Review*, XXXI (April 1937), p. 291; William Anderson, "The Extraterritorial Powers of Cities," *Minnesota Law Review*, X (1926), pp. 475–497 and 564–583.

[3] *Municipal Year Book 1962* (Chicago: International City Managers' Association, 1962), pp. 64–65.

[4] American Society of Planning Officials, *Extraterritorial Zoning*, Planning Advisory Service, Information Report No. 42 (September 1952).

From the standpoint of political feasibility, the use of extraterritorial controls has the advantage of creating relatively little disturbance in the status quo. Extraterritorial regulation usually affects areas where government controls are either weak or lacking, so that existing powers are seldom threatened. While extraterritorial regulation in these circumstances does allow the central city to protect itself, it gives the residents of fringe areas no voice in determining their own affairs, and is thus objectionable as a permanent solution. It may, however, serve as a useful interim step on the way to either annexation or incorporation.

The use of extraterritorial power is severely limited by two factors. First, many States do not permit the extraterritorial exercise of the most important regulatory powers for coping with metropolitan growth problems: planning, zoning, and subdivision regulations. Second, even where the authorization exists, it can be used only when there is unincorporated territory adjacent to a city, a condition which is long past for many urban centers.

2. INTERGOVERNMENTAL AGREEMENTS

Intergovernmental agreements are arrangements under which a local community conducts an activity jointly or cooperatively with one or more other governmental units, or contracts for its performance by another governmental unit. The agreements may be permanent or temporary; pursuant to special act or general law; effective with or without voter approval; and may be formal or informal in character. Intergovernmental agreements may be for the provision of direct services to citizens of two or more jurisdictions, such as water supply or police protection; or they may be for governmental housekeeping activities, such as joint purchasing or personnel administration activities.

Local governments in California make extensive use of this approach, with counties contracting to provide services to cities. This procedure has become known as the Lakewood plan, since Lakewood on becoming a city contracted to have practically all its governmental services provided by Los Angeles County. In March 1959, there were 887 contracts between cities and Los Angeles County, covering functions from assessing to dog control and street maintenance. Other types of intergovernmental agreements are also popular in California. Under the Joint Powers Act, two or more public agencies exercising common powers may agree that one of them should exercise power for all of them.[5]

Elsewhere, a survey of intermunicipal contracts indicated that between 1950 and 1957, Cleveland had 30 contracts with 12 of its suburbs, and the 12 suburbs had 43 contracts with one another to provide services.[6] And between 1950 and 1959, 81 of St. Louis County's 98 municipalities signed a total of 241 contracts for provision of municipal services by the county, including law enforcement, health and sanitation, and building regulation.[7]

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[5] Samuel K. Gove, *The Lakewood Plan*, Commission Papers of the Institute of Government and Public Affairs (Urbana: University of Illinois, May 1961), p. 7.

[6] Cleveland Metropolitan Services Commission, *Intergovernmental Agreements in the Cleveland Metropolitan Area*, Staff Report to Study Group on Governmental Organization (July 16, 1958).

[7] Governmental Research Institute, *Municipal Services Made Available to Cities, Towns, and Villages by the St. Louis County Government* (St. Louis, December 1959).

Intergovernmental agreements are useful in broadening the geographic base for planning and administering governmental services and controls. By enlarging the scale of administration, they make it possible to lower unit costs. Further, the boundaries are flexible and can be enlarged without difficulty when additional governments want to join an agreement. Where agreements are used to extend city services to developing fringe areas, they may be helpful in guiding orderly metropolitan growth.

A basic weakness of joint agreements is that they are practical only when the immediate local interest of each community receiving service is not in conflict with the interest of the government responsible for providing it. Yet in providing areawide services such as public transportation or water supply, conflicts are likely to arise over the location of facilities or priorities for investment. Since agreements are voluntary, each community in effect has veto power within its own borders and can withdraw when its interests are affected adversely by decisions concerning areawide services. Intergovernmental agreements are thus not suited to effective decisionmaking on issues which transcend local interests; under a system of agreements such issues would require unanimity among the governments involved rather than decision by majority vote.

On issues that are more local in character, intergovernmental agreements may interfere with the citizens' ability to take part in making policy. Even though individual governments retain their freedom to pull out of an agreement, and thus retain ultimate control over their own policies, the weaving of a network of intergovernmental agreements tends to confuse the lines of actual responsibility to the point where effective local control may be seriously eroded. Further, the tendency is for each agreement to be made on an ad hoc basis for a particular need, so that the complete view is never brought into focus, making it more difficult to coordinate services and achieve a balance of needs and resources.

Intergovernmental contracts may be objectionable on other grounds where the seller municipality has a virtual monopoly on the service. If one community controls the water supply in an area, for example, only its own self-restraint protects the purchasing communities from being exploited on price and service. Where monopoly conditions exist, some outside authority is needed to protect the purchasers—a role performed in some States by utility regulatory bodies that review water contracts.

3. VOLUNTARY METROPOLITAN COUNCILS

Metropolitan councils are voluntary associations of elected public officials from most or all of the governments of a metropolitan area, formed "to seek a better understanding among the governments and officials in the area, to develop a consensus regarding metropolitan needs, and to promote coordinated action in solving their problems."[8] In effect, they are intergovernmental agreements for joint conduct of activities in research, planning, and deliberations on issues of areawide concern. They are not, however, identical with metropolitan planning agencies, which will be discussed in a later section of this chapter.

[8] Samuel Humes, "Organization for Metropolitan Cooperation," *Public Management*, XLIV (May 1962), p. 106.

In bringing together representatives of a number of metropolitan communities, the councils typically cut across many local jurisdictions and sometimes do not stop at State lines. Usually they are composed of the chief elected officials of the local governments in the area, and sometimes they include representatives of the State government. They have no operating functions, but are forums for discussion, research, and recommendation only. Their recommendations go to the constituent governments or to State legislatures. They are generally multipurpose, concerning themselves with many areawide problems, and they usually have a full-time staff.[9]

Since the first metropolitan council was organized in the Detroit area in 1954, the idea has been picked up quickly in other parts of the country. In addition to the Supervisors Inter-County Committee in the Detroit area, examples of metropolitan councils now include the Metropolitan Regional Council (New York, New Jersey, Connecticut), Association of Bay Area Governments (San Francisco area), Metropolitan Washington (D.C.) Council of Governments, Puget Sound Governmental Conference (Seattle-Tacoma area), Metropolitan Springfield (Illinois) Council of Governments, Mid-Willamette Valley Council of Governments (Salem, Oreg.), Regional Conference of Elected Officials (Philadelphia), Metropolitan Atlanta Council of Local Governments, Southern California Association of Governments (Los Angeles), New Haven (Connecticut) Council of Elected Officials, and the North Central Texas Council of Governments (Fort Worth). Further interest in councils will no doubt result from the 1965 amendments to the Housing Act which included a provision making available two-thirds matching grants for support of their activities.

The councils vary in their composition and method of establishment. The Supervisors Inter-County Committee was given legal status by an enabling act of the State legislature in 1957 and consists exclusively of representatives of the six counties in the Detroit area. It does not include representatives of the other governmental units in the area—State, municipal, or special district—and is unique in this respect. The Mid-Willamette Valley Council was organized in 1959 by compact among the city of Salem, the metropolitan school district, Marion and Polk counties, and the State of Oregon. Each of the five units has a member—the Governor, and the elected heads of the four other units. The Association of Bay Area Governments, established in 1961, has legal status under the Joint Exercise of Powers Act of California. All cities and counties in the area may join. The council consists of one representative from each member city and county; city and county members vote separately, with a majority vote of each required for approval.

Although metropolitan councils are conspicuously lacking in legal powers, they have produced surprisingly tangible results in stimulating cooperation among their members, taking a stand on legislation affecting their areas, and coordinating relationships with State and Federal agencies. The New York Council devised a plan for controlling air pollution and presented to the Federal Government the regional case for increased public housing and urban renewal assist-

[9] The Council of State Governments, *State Responsibility in Urban Regional Development* (Chicago, 1962), p. 89.

ance. The Mid-Willamette Council has given rise to numerous cooperative activities among its members, including joint purchasing for Marion County, the metropolitan school district, and the City of Salem; a coordinated 6-year capital improvements program for Salem, the two counties, and the school district; and a regional sewage collection and disposal program by agreement between Salem and the two counties.[10]

The strengths and weaknesses of metropolitan councils are similar in many ways to those of intergovernmental agreements. The councils are useful for broadening the geographical base for discussion, research, and planning; they have flexibility for adjusting the boundaries of the area represented, even beyond State lines; they do not disturb the powers of existing governments and are therefore quite feasible politically; and they direct their attention to many governmental functions.

At the same time, the voluntary nature of the metropolitan council and its lack of governmental authority are distinct limitations on its ability to affect decisions on the difficult and controversial issues of areawide services and controls. The fundamental issues of allocating regional resources, establishing priorities, and handling conflicting interests of local communities require governmental institutions that can make decisions and enforce them on the basis of a majority vote.

The metropolitan council can be useful, however, in laying the groundwork for the establishment of an effective decisionmaking mechanism. It can do this by developing, through research and debate, an areawide awareness of the problems needing areawide handling, and by developing consensus among governmental leaders on common needs and possible solutions. How effective the council actually will be in developing public awareness and a meaningful consensus will depend in large part on whether it brings out the full expression of conflicting views and full identification of various interests in the area, or whether the council serves to neutralize or obscure the real conflicts.

4. THE URBAN COUNTY

One of the most striking and promising governmental developments in metropolitan areas is the strengthening of county governments to enable them to deal with urban problems. Traditionally the county has been an administrative subdivision of the State for carrying on such State activities as elections, law enforcement, and judicial functions. The urban county approach to local government reorganization involves giving the county responsibility for a significant number of urban services throughout all or part of its jurisdiction. This development may result from piecemeal transfer of functions from municipalities or special districts; from the gradual enlargement of rural county responsibilities to encompass urban functions in unincorporated urban areas; or from State legislation simultaneously granting a number of functional powers to counties in metropolitan areas.

The growth and spread of urban development has steadily increased the number of counties that are urban in character. In 1950 there

[10] Rex Hartley, "A Voluntary Approach to Intergovernment Cooperation," *Proceedings of the American Municipal Congress, Intergovernment Cooperation*, Seattle, Wash., Aug. 26–30, 1961 (Washington, D.C.: American Municipal Association, 1961), pp. 72–79.

were 174 counties with more than 100,000 population in metropolitan areas; by 1960 this number had grown to 217. In addition, in 1960 there were 46 counties over 100,000 outside of metropolitan areas, making a total of 263 urban counties. The urbanization of counties has affected their organization, administration, and functions, although in greatly varying degrees. Seven counties now have elected executives. A 1953 survey indicated that 10 counties had county managers. A similar survey in 1962 indicated that 45 out of 129 counties responding had appointed chief administrative officers. In the 1962 survey, the urban counties reported that they provided varying numbers and kinds of services to unincorporated areas. The most common services were police protection, street construction, libraries, and parks and recreation . There were county zoning ordinances in 104 of 221 urban counties reporting in 1962, and county subdivision regulations in 135. Many of the largest counties, however, had neither zoning nor subdivision controls.[11]

The reorganization of county government to keep pace with urbanization is hindered considerably by State constitutional restrictions that prevent counties from providing urban services and raising revenues to finance them.[12] States vary with respect to the straitjacket they have placed on their counties. The most liberal toward their counties have county home rule provisions in their constitutions, statutory authorization of optional county charters, or general statutory grants to counties to perform new functions and reorganize their structure. Thirteen States have constitutional home rule for their counties: California, Maryland, Ohio, Texas (counties over 62,000 population), Missouri (counties over 85,000), Louisiana (for East Baton Rouge and Jefferson Parishes only), Washington, Florida (for Dade County only), Minnesota, New York, Oregon, Alaska (for boroughs), and Hawaii. Six States have laws authorizing optional county charters: Virginia, Montana, New York, North Carolina, North Dakota, and Oregon. California has been outstanding in granting counties structural flexibility through general statutes. But even where States have liberalized their provisions on county organization and functions, communities have not always made full use of their powers.[13]

Dade County, Fla., and the California counties are illustrative of counties with extensive urban functions. They also represent two extremes of urban county approaches: the assumption of certain urban functions by the county practically overnight in Dade County, and the gradual assumption of functions through intergovernmental agreements over a long period in California. Dade County is additionally interesting as a two-tier government in a metropolitan area, which has led some to consider it a "federation" approach to reorganization of local governments in metropolitan areas.

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[11] Victor Jones, "Urban and Metropolitan Counties," *Municipal Year Book 1962* (Chicago: International City Managers' Association, 1962), pp. 57–66. For earlier summaries of urban county trends, see Betty Tableman, *Governmental Organization in Metropolitan Areas* (Michigan Government Studies No. 21; Ann Arbor, University of Michigan Press: 1951), pp. 24–55; and Victor Jones, "Urban Counties," *Municipal Year Book 1954* (Chicago: International City Managers' Association, 1954), pp. 133–147.

[12] William N. Cassella, Jr., *Metropolitan Government*, vol. II of *Constitutional Aspects of State-Local Relationships* (Con-Con Research Paper No. 5) (Lansing, Mich.: Citizens Research Council of Michigan, 1961), p. 4.

[13] Arthur W. Bromage, *Municipal and County Home Rule*, vol. I of *Constitutional Aspects of State-Local Relationships* (Con-Con Research Paper No. 3) (Lansing, Mich.: Citizens Research Council of Michigan, 1961), pp. 16–22.

Though Dade County, Fla., is one of many counties with a home rule charter, it is unique in the manner in which the charter spells out the relationship between the county and the existing units of government, and in the degree to which the county is given power to exercise county-wide functions. Dade County was given the power to draft a county charter by a constitutional amendment adopted by the voters of Florida in November 1956. The amendment required the retention of the county commission and a few other elective officers, but gave citizens of the county broad latitude to reorganize the county government, transfer functions to it from municipalities, and alter the boundaries of local governments. A charter was prepared pursuant to the 1956 constitutional amendment and was approved by the voters in May 1957.

It provides for a council-manager form of government, with the board of commissioners responsible for legislation, and for appointment and control of a county manager and a county attorney. The board consists of 11 members, 5 elected at large, 5 elected by districts, and 1 from the city of Miami. As other cities reach 100,000 population, they get a representative on the board.

The county government is given responsibility for countywide functions, such as expressways, air, water, rail, and bus terminal facilities, traffic control, air pollution control, assessments, fire and police protection, housing and urban renewal, building and zoning codes, and the construction of integrated water, sanitary sewerage, and surface drainage systems. Municipalities retain self-determination in local maters not ceded to the county under the charter, but the county board is authorized to take over a function from a municipality if it fails to meet minimum performance standards set by the county. Several functions are conducted in conjunction with the municipalities, and the county may also contract to perform a function for a municipality. Any municipality may request the county to take over a function upon approval of two-thirds of its governing body. The county also has some limited powers in the establishment of new municipalities and changes in boundaries of existing ones.[14]

Where the boundaries of a county approximate the boundaries of a metropolitan area, which is the case in more than half the metropolitan areas in the country (primarily the smaller ones), the transformation of the county into a unit of urban government can mean the provision of areawide services without any basic changes in geographical jurisdictions of existing units. It thus provides better control over areawide problems and a better relationship between taxes and benefits at the same time that local responsibility for nonareawide services is preserved. The urban county makes available economies of larger scale administration. Consolidation of functions can result in the elimination of duplication where the county and the municipalities are providing similar services, such as police and sheriff, or conducting various public welfare activities.

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[14] See Mark B. Feldman and Everett L. Jassy, "The Urban County: A Study of New Approaches to Local Government in Metropolitan Areas," *Harvard Law Review*, LXXVII (January 1960), pp. 526–582; Government Affairs Foundation, Inc., *Metropolitan Surveys: A Digest* (Chicago: Public Administration Service, 1958), pp. 59–63; Winston W. Crouch, "Federated Local Government: One Approach to Metropolitan Organization," *Metropolitan California*, The Governor's Commission on Metropolitan Area Problems (Sacramento, 1961), pp. 99–100.

The use of an existing government rather than the creation of a new one gives the urban county approach high political feasibility. Where the urban county evolves on a function-by-function, piecemeal basis, political feasibility is even greater.

A principal weakness of the urban county approach to handling problems of an areawide nature is its limited value in almost half the metropolitan areas (including virtually all the large ones) that cover more than one county. When urban problems spread beyond a single county, the inflexibility of the boundaries is a handicap to effective use of the urban county approach.

Another weakness is that counties as a class of governmental units probably have been the most backward in organization and administration, as a result of the diffusion of policymaking and administrative authority among a number of independently elected officials. Often the unintegrated organization is due to the lack of constitutional or statutory authority to reorganize. Although there has been some tendency to give counties more such authority, counties remain the most constitutionally shackled level of government in the United States.

5. TRANSFER OF FUNCTIONS TO STATE GOVERNMENT

This approach to governmental reorganization involves the transfer and direct performance of an urban function by an executive agency of the State government for communities in the metropolitan area. It differs from the metropolitan special district, which is established by State legislation but is locally financed and usually controlled by a governing body selected by the electorate or local governments of the metropolitan area. Functions that are transferred to the State are typically shared by the State and local governments, with each responsible for a different part of the operation. The State may undertake, for example, to provide water supply and major trunklines, and leave local distribution systems to the localities. Uusually the transfer of a function to the State involves a shift in the relative responsibility of the State and local communities for functions that they have previously shared on some other basis, rather than State assumption of the function for the first time.

The direct performance of an urban function by a State government in order to meet a metropolitan need has developed primarily in those situations where (1) the State government is the only agency that can summon the resources required to perform the function, (2) the activity cannot be handled within the boundaries of the metropolitan area itself, (3) the activity requires, as a matter of State policy, a minimum level of performance throughout the State that is not likely to be met by the jurisdictions or metropolitan areas independently, or (4) when the activity, if not performed, will result in problems that will seriously affect other parts of the State.[15]

The clustering of metropolitan areas in the Northeastern States and southern California has created special difficulties in dealing with

[15] There is a paucity of published material on transfers of metropolitan functions to the States. This account relies heavily on comments by Charlton F. Chute in U.S. House of Representatives, Committee on Government Operations, *Government in Metropolitan Areas, Commentaries on a Report by the Advisory Commission on Intergovernmental Relations* (Washington, December, 1961), pp. 65–71

metropolitan problems within the confines of one metropolitan area. The heavy interflow of people and goods between adjoining metropolitan areas has led the States to assume more than the usual responsibility for highway planning and construction, traffic control, mass transit and air pollution control in these areas. Moreover, the States have extended their responsibilities for the provision of such services as inspection of food, environmental sanitation, and the control of crime in the undeveloped enclaves between the urban centers of these metropolitan clusters.

In southern California, after individual metropolitan areas, such as Los Angeles and San Diego, had developed all their available local water resources, the State undertook a statewide water plan to meet the growing metropolitan needs as well as other needs in flood control, agriculture, and recreation. Similarly, New Jersey has come to the assistance of groups of metropolitan areas in the northern and southern parts of the State with planning and acquisition of land to assure them of adequate water supply, while also providing additional recreational facilities.

Transfer of metropolitan functions to the State government substantially broadens the geographical base for planning and control of areawide problems. It permits economies of scale and the avoidance of duplication. It has a relatively high degree of political feasibility because it creates little disturbance of the local political power structure and does not require approval by local referenda. If the State's performance of the function is dictated by statewide rather than metropolitan considerations alone—as in the case of protecting water resources for communities outside metropolitan areas—support in the legislature may be statewide, and may even be stimulated by nonmetropolitan areas. Transfer to the State may appeal to local officials as a way of taking the financing of a function off the local tax bill.

The transfer of metropolitan functions to the States is particularly adaptable to States where the metropolitan areas make up a substantial part of the total State, or where the State itself is small. It is also especially adaptable, and sometimes necessary, for the effective handling of functions involving the conservation of scarce natural resources, such as water supply, open lands, and the control of water and air pollution. Compared with continued performance of a function by municipalities, State performance also has the advantage of greater flexibility in keeping pace with the constantly changing geographic area over which the function needs to be performed.

From the point of view of local government, the transfer of functions to the States has the weakness of taking away a portion of local responsibility and authority. It tends to diminsh the stature of local governments as general-purpose governments, with a consequent diminition of their viability, their ability to coordinate the provision of governmental services, and their strength as a focus for local interest and participation in government. Removing control to the State government tends to expose decisions on metropolitan matters to the disinterest, if not the opposition, of representatives from nonmetropolitan areas.

6. METROPOLITAN SPECIAL DISTRICTS: LIMITED PURPOSE AND MULTIPURPOSE [16]

(a) Limited-purpose districts

A limited-purpose metropolitan special district is an independent unit of government organized to perform one or a few urban functions throughout part of all of a metropolitan area, including the central city.[17]

Limited-purpose districts, sometimes called authorities, are usually established by State law and without a popular referendum. They ordinarily perform service rather than regulatory functions. The most common services are port facilities and sewage disposal, followed by parks, water supply, housing, and airports. Other services performed include air pollution control, flood control, regional planning, hospital facilities, and public health.

The composition of special district governing bodies varies greatly, but most of them have appointed or ex officio members, with the appointments made by the Governor or by governing bodies of local cities within the jurisdiction of the special district. The ex officio members usually are also drawn from these local governing bodies. Limited-purpose districts generally finance their operations from service charges, sales, rents, and tolls. Many do not have the taxing power, but where they do it is frequently unhampered by the constitutional and statutory tax limits that apply to other local governments. Exercise of the bonding power usually does not require referral to the voters, but frequently is restricted to the issuance of revenue bonds.

The extensive use of metropolitan special districts, and the transfer to them of local government functions to be handled on an areawide basis, is one of the most significant recent changes in local government organization in metropolitan areas. This development has resulted largely from the fact that limited-purpose districts are free from the constitutional and statutory limits on the fiscal powers of general-purpose local governments. In part, however, this approach has been a response to the need for governmental innovation to handle areawide problems when other methods for adapting local government were impossible to achieve.

Examples of some of the largest limited-purpose metropolitan districts are the Chicago Transit Authority, the Massachusetts Bay Transit Authority (Boston), the Cleveland Metropolitan Park District, the Golden Gate Bridge and Highway District (San Francisco), the Metropolitan Water District of Southern California, and the Port of New York Authority.

The key advantage of the limited-purpose special district approach, and the main reason for its extensive use, is its political feasibility. It poses only a minor threat to existing political organization and power by chipping off a function previously performed before by local governments. This erosion may not become serious enough to

[16] For detailed treatment of metropolitan special districts, see John C. Bollens, *Special District Governments in the United States* (Berkeley: University of California Press, 1957).

[17] A much more numerous type of special district is the urban special district, which contains a small part of a metropolitan area, usually an unincorporated, densely settled part. Since this is not generally a method of broadening the jurisdiction of local units of government, it is excluded from treatment as a method of governmental reorganization in metropolitan areas as defined in this review.

arouse alarm unless a number of functions are chipped away successively by the creation of additional special districts. This approach is even less likely to provoke strong opposition when special districts are proposed to perform areawide functions only as a supplement to continued local performance. In addition, a metropolitan special district can usually be created by simple act of the legislature, and does not require constitutional amendment, unlike, in many cases, city-county consolidation, county home rule, or federation.

The special district approach has proved effective in providing an areawide geographic base for dealing with metropolitan problems. It can function unrestricted by the boundaries of local government jurisdictions. It offers the advantage of consolidated administration of a large-scale operation, and facilitates improved planning and execution of the services provided, at the same time that the smaller units of local government retain responsibility for other functions. The metropolitan special district is adaptable to use where the metropolitan area covers more than one county, or more than one State. Some of the other reorganization methods are practically limited to a single county and State.

Giving the limited-purpose special district just one, or at most a few, functions makes its responsibility clear. It is likely to give the public what it wants, exactly and quickly. If the public wants a good water supply, for example, it will know that by creating a water district it will get good water, or know the reason why. On the other hand, this "single mindedness" often works to the detriment of a coordinated approach, since such basic services as water supply or transportation have a major impact on other area development programs.

The limited-purpose special district has other weaknesses. Extensive use of the device complicates rather than simplifies the problem of governmental coordination in the metropolitan area. Particularly when separate districts are set up for each function, authority is further diffused rather than consolidated, increasing the difficulties of voter control and leading to duplication of effort. Once set up, special districts are difficult to abolish or consolidate, with the result that such areawide approach as there is in the metropolitan community tends to be fragmented rather than coordinated.

Limited-purpose special districts frequently are established with the intention of being self-supporting. The need for covering their costs tends to become a preoccupation, with the result that they may neglect the effects of their activities on other related services, and resist efforts to have them assume responsibility for activities such as mass transit which may not be self-supporting.

(*b*) *Multipurpose districts*

The metropolitan multipurpose district has developed mainly as a way of capitalizing on the strengths of the limited-purpose approach while avoiding the fractionalization of government in metropolitan areas. A metropolitan multipurpose district as here defined is a special authority set up pursuant to State law to perform a number of services in all or most of a metropolitan area. Usually the initiation and approval of the establishment of the district and the addition of functions requires the approval of local governing bodies or of the voters of the affected local governments.

This approach to local government reorganization has been proposed in a number of cases but seldom adopted. Its distinguishing characteristics are found in the only existing multipurpose district in the United States—the municipality of Metropolitan Seattle—and in the recent serious proposals for setting up such districts, as in California and Minnesota. These characteristics are (1) the potential performance of more than one function, as distinguished from the limited-purpose district; and (2) vesting in the area affected the authority to take on the additional functions. Some of the proposals have provided for other features to be included, such as the appointment of members of the governing body by and from the governing bodies of the constituent local governments.

In the past a few metropolitan special districts have been given more than one function to perform. The Port of New York Authority and the Bi-State Development Agency (St. Louis, Mo.-East St. Louis, Ill.) are examples. Generally, however, they have been reluctant to assume new responsibilities, and have not viewed their purpose as that of providing a wide variety of functions.[18] The multipurpose district, gradually taking on additional responsibilities pursuant to local consent, is thus a relatively new concept.

The municipality of Metropolitan Seattle was set up in 1958 under a 1957 State law enabling cities and towns of Washington to act jointly to meet common problems and obtain essential services not adequately provided by existing agencies of local government. It provides sewage disposal and water pollution control services in an area surrounding Lake Washington entirely within King County. Under the law local communities are empowered to add the following additional functions to the metropolitan municipal corporation: transportation, comprehensive planning, water, parks, and garbage disposal. The Seattle metropolitan municipality has not taken on any additional functions to date, however.

The district is governed by a metropolitan council of 16 members, consisting of 14 elected officials from component municipalities, one commissioner of King County, and one additional person (not an elected official) chosen by the remainder of the council to act as chairman. The district has no direct taxing powers. It may accept Federal grants and borrow from other local governments, as well as issue revenue bonds for capital purposes. Revenue to finance current operation, maintenance, and debt service comes from service charges imposed on a per-household basis. The district may also obtain "supplemental income" from each component city and county, based on the local share of the total assessed value of the district.[19]

The metropolitan multipurpose district, as established in Seattle and proposed elsewhere, has most of the strengths of the metropolitan limited-purpose district: adaptation to metropolitan scope, response to immediate public need, forestalling the creation of many small urban special districts. Moreover, the metropolitan multipurpose district has several additional advantages: (1) By requiring that the assumption of additional functions be subject to voter approval, it preserves sensitivity to local wishes, and controls the piecemeal approach to

[18] Bollens, *Special District Governments in the United States*, *op. cit.*, pp. 68–69.
[19] *First Annual Report, Municipality of Metropolitan Seattle, 1959–60* (Seattle Metropolitan Council, July 1960).

handling metropolitan functions; (2) it forestalls or discourages the creation of a number of limited-purpose districts, probably with different areas of jurisdiction, different organization, and different bases of representation. The metropolitan multipurpose district provides a unit which is more responsive to the people than a multitude of individual special districts; (3) as a two-layer plan, it reserves local control over local matters while facilitating areawide control over area problems; (4) it greatly diminishes the problems of coordination among areawide functions; (5) if properly constituted, with general taxing and borrowing powers, it can overcome the financial straitjacket of many limited-purpose districts.

However, the metropolitan multipurpose district has had very limited use, although as a proposal it has received strong backing from many quarters. The multipurpose district has less political feasibility than the limited-purpose special district, for two reasons: (1) it constitutes more of a threat to established local governments and other existing institutions, since it has the potential of exercising many functions and becoming a competitive general government; (2) as used in Seattle and recommended in most of the recent proposals, it requires favorable votes of component governing bodies and/or local electorates, whereas the special district usually is established or authorized by simple act of the State legislature.

7. ANNEXATION AND CONSOLIDATION

Annexation and consolidation are the two general ways by which municipal boundaries are adjusted. Annexation is the absorption of territory by a city. While such territory may be either incorporated or unincorporated, usually it is unincorporated territory, and smaller than the annexing city. The result is a larger and not essentially different governmental unit. Consolidation is the joining together of two or more units of government of approximately equal stature to form a new unit of government. Annexation has been used much more widely than consolidation. (City-county consolidation is discussed later as a separate reorganization approach.)

Annexation has always been the most common method for adjusting the boundaries of local governments in the urban and metropolitan areas of the United States. The Nation's great cities achieved their present size largely through this process. The period of greatest use of annexation was prior to 1900, during a time when the area around the large cities was sparsely settled. Annexation was relatively easy to achieve because it could be accomplished by special legislative act, by unilateral action of the annexing city, or by approval of a simple majority of the combined vote of the city and the territory to be annexed.

Around the turn of the century, annexation became more difficult as suburbanization grew, and residents of the fringe areas succeeded in getting changes in State constitutions and statutes to forestall absorption by their larger neighbors. Many States gave fringe area residents exclusive authority to initiate annexation proceedings, and required separate majority votes in both the annexing city and the territory to be annexed. New cities and villages gradually were incorporated around the edges of the central cities, and amendments to many State

annexation laws made it difficult to annex any but unincorporated areas. These changes made great inroads on the territory available for annexation by central cities.

In the post-World War II population expansion, annexations have again become significant ways of expanding the boundaries of central cities. Recent annexations have been mainly of small areas, however. Annexation has come to be used mostly as a means of resolving the problems arising between the central city and its abutting unincorporated urban fringe, the type of uncontrolled development referred to in the section above on extraterritorial powers. However, there have been some large annexations by large cities. Thus in 1960 Kansas City, Mo., voters approved annexation of 187 square miles, more than doubling that city's size. In 1959 Oklahoma City added 193 square miles to its 88 square miles of territory, and in 1960 added 149 square miles more.[20] Major annexations of this type depend upon two conditions: liberal State annexation law, and the sizable and adjacent unincorporated territory.

The use of annexation powers must be considered in connection with two other procedures affecting the orderly development of unincorporated territory in metropolitan areas: extraterritorial regulation and incorporation of new units of government. As noted previously, extraterritorial regulation can be an important step paving the way for sound annexation. It establishes controls over unincorporated territory at the critical formation time in the development of a community, when decisions of great importance for the urban future of the area are made. Controls over new incorporations are necessary to assure that new units of government have the potential for providing adequate urban services, and that further fragmentation of government in the metropolitan area is minimized. Unless such controls are exercised, "defensive incorporations" may be undertaken to avoid annexation or regulation. For example, in St. Louis County, Mo., between 1945 and 1950, 44 new municipalities were incorporated—instigated in a large number of cases by builders who wished to be free of county zoning and building regulations.[21]

Consolidation has been a rarely used reorganization approach. Such use of the method as has been made by the larger cities occurred prior to 1900.[22] Even among smaller units, while consolidations are commonly recommended by study groups, they are not often carried out. Examples of the few recent consolidations are Newport News and Warwick, Va., forming the new city of Newport News,[23] the town and village of Bennington, Vt., and the town and village of Springfield, Vt.[24]

A principal reason for the decline in use of consolidation by the large cities was the movement toward the abolition or restriction of special legislation noted earlier in regard to annexation. The early large-scale consolidations were imposed upon the communities by special legislation, and as suburban communities organized and grew

[20] *Municipal Year Book 1961* (Chicago: International City Managers' Association, 1961), pp. 57–58.
[21] Edward C. Banfield and Morton Grodzins, *Government and Housing in Metropolitan Areas* (New York: McGraw-Hill, 1958), p. 83.
[22] Paul Studenski, *The Government of Metropolitan Areas* (New York: National Municipal League, 1930), pp. 65–155.
[23] *National Civic Review*, XLVI (September, 1957), p. 409.
[24] *National Civic Review*, XLVI (July 1957), p. 355.

strong they were able to protect themselves by getting constitutional restrictions on special legislation. Special legislation now is prohibited in almost two-thirds of the States.[25] In 1959 only 20 of the States were reported to have general statutes authorizing consolidations, and these varied with respect to permitting cities, villages, or towns to consolidate.[26]

The major strength of annexation as an approach to reorganization of local government in metropolitan areas is that it broadens the geographical jurisdiction of municipalities. Moreover, it is a flexible way of broadening jurisdiction. To the extent that it forestalls incorporations or creation of limited-purpose special districts, it keeps the governmental pattern from becoming more complex. Unlike limited-purpose districts as an approach to handling areawide problems, annexation strengthens rather than weakens general governments.

Annexation brings land development controls to the fringes of municipalities. If uncontrolled, such areas can be a source of trouble and cost for their own residents as well as for the nearby city. Annexation provides an absolute right of self-determination and local control where consent of the annexed area is required. In those States which regard annexation issues as affecting a broader territory than just the area to be annexed, and therefore do not give that area an absolute veto on annexation, local interests can be protected by establishing standards for determining the soundness of a proposed annexation, and by judicial or quasi-judicial review.

Limiting annexation to unincorporated areas reduces its effectiveness in metropolitan areas where the central city is already hemmed in by incorporated territory. However, communities outside the central city may find the method useful in expanding their territories.

Another weakness of the annexation method is that it may precipitate "defensive" incorporations by fringe communities that do not want to be absorbed by their big neighbor. The result is additional fractionalization of political authority. A related reflex action is that all the cities in the area may start competing for the annexation of unincorporated territory, producing a haphazard annexation pattern.

There have been examples of abuse of the annexation power by cities taking in attractive areas with high taxable value and minimum service needs, and carefully avoiding the problem spots. This abuse can be guarded against, however, by establishment of proper criteria for annexation and provision for approval by, or appeal to, a judicial or quasi-judicial agency.

Opposition by officials of the territory to be annexed reduces the political feasibility of the annexation approach. However, their opposition is likely to be less effective than if they were officials and employees of a more highly developed governmental unit.

Consolidation of two municipalities also produces a unit of larger geographical area and thereby increases the ability of local residents to control areawide problems. By reducing the number of governmental units in the area, it lessens the problem of coordinating the attack on these problems. It also makes possible economies of scale in operation

[25] Robert G. Dixon, Jr. and John R. Kerstetter, *Adjusting Municipal Boundaries: The Law and Practice in 48 States* (Chicago: American Municipal Association, 1959).
[26] *Ibid.*

and planing tends to eliminate duplication of administration and overhead costs.

Consolidation may reduce the voter's influence on his local government by making his vote relatively less important in the total. However, if the new government is set up with ample powers, an adequate system of representation, and clear lines of responsibility, it can increase his influence by making areawide problems more susceptible to public control.

A principal weakness of consolidation is its low political feasibility, indicated by its infrequent use. Over half the States do not permit consolidation. When it is permitted, the general procedure of separate petitioning and approval by separate majority votes in each of the units makes the process difficult.

8. CITY-COUNTY SEPARATION

City-county separation is an action in which the major city in a county separates from the county, sometimes with simultaneous expansion of its boundaries, and thereafter exercises both city and county functions within its boundaries, although sometimes not all the county functions. This procedure normally requires special constitutional provisions, since the detached city-county usually does not conform to the general provisions setting up a uniform system of county government throughout the State.

City-county separation was used as a means of reorganizing local governments in metropolitan areas in four major cities in the last half of the 19th century: Baltimore, Denver, St. Louis, and San Francisco.[27] The impetus for this approach in three of the cities came largely from the belief of city residents that they were shouldering a disproportionate share of the cost of county government services provided to noncity residents, and that the county and city governments were suffering from a duplication of effort.

Although city-county separation was tried in a few places in the early 20th century, there has been little recent interest in this approach except in the State of Virginia. Virginia has special conditions which have come into being by usage rather than explicit constitutional or statutory provision. When towns reach a population of 5,000 they may become cities. By becoming cities they separate from their counties and thereafter exercise, in addition to their city functions, all county functions except those relating to the circuit court, which they share with the county of which they were formerly a part. When they reach a population of 10,000, they take over responsibility for the circuit court as well. In 1957 there were 32 of these "independent" cities in Virginia.[28] Although Virginia cities are not given additional territory when they separate from their counties, they may subsequently add territory from counties that surround them, following the usual Virginia annexation procedure.[29]

Recent interest in detaching the central city from the existing county has sometimes come from the suburbs rather than the central city. In

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[27] Paul Studenski, *op. cit.*, pp. 170–215; the Library of Congress, Legislative Reference Service, *City-County Consolidation and City-County Separation* (1952) (typewritten).

[28] U.S. Bureau of the Census, *Census of Governments: 1957, State Bulletins,* VI, No. 44, "Government in Virginia," p. 2.

[29] Council of State Governments, *The States and the Metropolitan Problem* (Chicago, 1956), pp. 81–82.

Hennepin County, Minn., which contains the city of Minneapolis, this proposal was made mainly by suburban officials who resented the suburbs' underrepresentation on the county board of commissioners and also feared that the incumbent county board would transfer the responsibility for poor relief from the towns and municipalities to the county. The poor relief shift would have caused a substantial property tax increase in the suburbs, and a substantial decrease in the city of Minneapolis.

The principal advantage of city-county separation is increased efficiency and economy through the avoidance of duplication of services and governmental processes. This results in savings in manpower, equipment, and facilities through better planning and coordination of otherwise duplicated functions, such as roads and bridges, revenue administration, and judicial administration. Elimination of a layer of government also simplifies the voter's task.

City-county separation is most advantageous in situations similar to those confronting the four cities that separated in the 19th century: when an urban area is part of a predominantly rural county or part of several such counties. If there is an opportunity for simultaneous annexation of considerable fringe land at the time of the separation, the approach is more likely to be appealing. However, the experience of the four major cities that used this approach in the past, and the more rapid pace of urbanization today, suggests that any new city-counties will not have very many years to go before they run up against the territorial restrictions of the county boundary.

Another principal weakness of the city-county separation as an approach to reorganization of local governments in metropolitan areas is that it is an "act of withdrawal." [30] In the long run, the central city will make it more difficult to achieve integrated control of areawide problems by separating from an influential local unit of government to which other municipalities and towns also belong. Moreover, the difficulties of expanding boundaries in the future are heightened by the fact that constitutional restrictions on changing county boundaries are much greater than statutory restrictions on moving boundaries of cities. In short, city-county separation moves in the direction of greater rigidity of governmental boundaries, rather than greater flexibility, and nullifies the urban county's effect of broadening jurisdiction.

From the feasibility standpoint, city-county separation has many handicaps. It usually requires new constitutional provisions; it threatens the status and prestige of county officials (although it probably enhances the status and prestige of the city officials who would take on county functions); and, if there is resistance from the citizens and officials of neighboring communities in the county, it usually necessitates a referendum requiring separate majorities for approval.

9. CITY-COUNTY CONSOLIDATION

City-county consolidation takes three forms: (1) the merger of a county and the cities within it into a single government, which is the most complete form of consolidation; (2) substantial merger of the county and the cities, but the retention of the county as a separate unit

[30] Council of State Governments, *The States and the Metropolitan Problem, op. cit.*, p. 85.

for some functions; (3) unification of some, but not all, of the municipal governments and the county government. Sometimes the consolidation is broadened to include the territory of two or more counties and the county and municipal governments within them, or to include other local governments.[31]

City-county consolidation requires enabling legislation and sometimes also a local referendum, frequently with separate majority approvals in the central city and the remainder of the county. In 1959 it was reported that 4 States had general law methods of effecting city-county consolidations and 18 States had special laws.[32]

Like city-county separation, city-county consolidation took place mostly in the last century. However, the approach has continued to attract the interest of groups concerned with governmental reorganization in metropolitan areas. The city-county consolidations of the 19th century were in New Orleans (completed in 1874), Boston (1882), Philadelphia (1854), and New York (1898). Although these consolidations varied as to the extent of city and county merger, they had a number of common characteristics.[33] They were brought about by action of the State legislature and without local referendum. Most involved just one county and one major city. In most cases the area of the affected or remaining city was expanded and made coterminous with the county or counties involved. Those that initially extended the city to the area of the county, however, have had little subsequent expansion, and all the consolidated territories are now considerably smaller than the metropolitan areas of which they are a part.

In 1949, a city-county consolidation merged East Baton Rouge Parish (county), La., with the city of Baton Rouge. Starting in the late 1950's, a series of attempted city-county consolidations were all defeated by local electorates: Nashville-Davidson County, Tenn. (1958); Albuquerque-Bernalillo County, N. Mex. (1959); Knoxville-Knox County, Tenn. (1959); Macon-Bibb County, Ga. 1960); Durham-Durham County, N.C. (1961); and Richmond-Henrico County, Va. (1961).

Then in 1962, a revised charter creating "The Metropolitan Government of Nashville and Davidson County" was approved by the voters, receiving the required separate majorities both in Nashville and in the remainder of the county. The charter set up an urban services district of about 75 square miles surrounding Nashville, with provisions for expansion. Certain functions are performed and financed only within the urban services district, including sewage and refuse disposal, street lighting, and a higher level of police protection than that prevailing outside. There are two levels of taxation—one for all residents of the county, the other only for those who receive urban services. Countywide services include several that were previously limited to Nashville, such as parks and recreation, libraries, and public housing. There is an elected metropolitan county mayor and a council of 41 members, of whom 35 are elected from single member districts and 6 at large.[34]

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[31] Council of State Governments, *The State and the Metropolitan Problem, op. cit.*, p. 53.
[32] See Dixon and Kerstetter, *op. cit.*
[33] Council of State Governments, *The States and the Metropolitan Problem, op. cit.*, pp. 68–71.
[34] Roscoe C. Martin, *Metropolis in Transition: Local Government Adaptation to Changing Urban Needs* (Washington: Government Printing Office, 1963), pp. 107–110.

City-county consolidation has the advantage of providing the base for a unified, coordinated program of service, development, and control over an enlarged area. It can lead to more effective handling of areawide problems, achieve an economic scale of operation, and narrow the gap between expenditure needs and fiscal resources. It also simplifies the voter's task of understanding the governmental structure and holding elected officials responsible.

As a way of adjusting boundaries to the geographical area of metropolitan problems, city-county consolidation has the greatest potential in medium and small metropolitan areas that are contained within one county and are unlikely to extend beyond the county's boundaries for some time to come, and in which there is one urban center surrounded by considerable undeveloped territory. A major weakness of the city-county consolidation approach is that it has limited usefulness in metropolitan areas that are not confined to a single county.

Obstacles that stand in the way of city-county consolidation are the fact that many State constitutions do not authorize consolidation, and when they do, enabling legislation is still needed and is not easy to obtain. Another obstacle is the frequent requirement of separate majorities in the central city and the rest of the county, and perhaps even in one or more of the other municipalities of the county. Still another difficulty is the potential resistance from those in office, since a consolidation clearly is a threat to the positions of numerous officials and employees.

A single consolidated city-county is a move in the direction of reducing local participation in local affairs, and of making it more difficult to vary governmental services and finances according to local desires. Recent proposals have sought to overcome this defect, however, through differential service areas, as in Nashville-Davidson County, or through a modified borough system.

A final difficulty of the city-county consolidation method, which it shares with city-county separation, is the inflexibility of the new unit's boundaries because of the constitutional and statutory restrictions on a county's taking in territory from adjoining counties. How serious this problem is will depend on how much undeveloped territory is included in the new city-county, where this territory lies in relation to population expansion, and how fast the expansion is proceeding. Generally speaking, the boundary problem is likely to prove less of a handicap in the case of city-county consolidation than city-county separation.

10. FEDERATION (BOROUGH PLAN)

The federation or borough plan approach to governmental reorganization involves the division of local government functions in the metropolitan area between two levels of government. Areawide functions are assigned to an areawide or "metropolitan" government, whose boundaries encompass the units from which the functions are assumed. Local functions are left to the existing municipalities, which are sometimes enlarged in territory and called boroughs. In their advanced stage of development, the urban county and multipurpose metropolitan district resemble the federation as a form of government organization,

since they provide a clear separation of most, if not all areawide and local functions.[35]

The several federation proposals that have been considered in the United States have required special constitutional authorization, the drafting of a local charter, and the approval of the charter by more than a simple majority, usually dual if not multiple majorities.[36] Two federation governments in Canada were put into effect by acts of provincial legislatures without popular referendums.

Although authorities in the field of local and metropolitan government for many years have considered the federation form an attractive approach to the problem of government organization in metropolitan areas, no federation types have been adopted in the United States. The Dade County metropolitan government in Florida is similar in sevaral ways, however. The first federation to come into being in North America was the municipality of Metropolitan Toronto in 1954. In 1960 Winnipeg, Manitoba, also adopted a federation plan.

In the Toronto federation, the municipality of Metropolitan Toronto supplanted the county and has jurisdiction over 13 municipalities, with responsibility for water supply, sewage disposal, housing, education, arterial highways, metropolitan parks, certain welfare services, and area planning. A 25-member metropolitan council is the governing body, consisting of 12 ex officio members from the city, the council chairman of each of the 12 suburbs, and a chairman elected annually by the metropolitan council. Schools remain a responsibility of the local governments, but a metropolitan school board is set up on a pattern similar to the metropolitan council, with responsibilities for providing basic financial aids, planning and reviewing construction needs, and reviewing local school borrowing. Other major functions left to local governments are police and fire protection, water distribution, sewage collection, most of the public health services, local streets, libraries, direct public relief, local parks, building inspection, and local planning. The existing Toronto Transportation Commission was continued and given expanded jurisdiction.

Since adoption of the Toronto federation plan in 1954, the assessment of property for tax purposes has been transferred to the metropolitan government. Local police forces have been amalgamated and transferred also, and similar consolidation of the municipal fire departments has been under discussion.[37]

The assignment of each governmental function to its appropriate level is a great strength of the Federal approach and facilitates optimum handling of each function, from the point of view of most effective planning, decision, and scale of operation. Retention of the identities of local governments preserves the focus of local civic pride, interest, and participation. It also encourages diversity and experimentation in government performance.

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[35] See W. W. Crouch, "Federated Local Government: One Approach to Metropolitan organization," *Metropolitan California*, the Governor's Commission on Metropolitan Area Problems (Sacramento, Calif.: 1961), pp. 97–101; and Government Affairs Foundation, *Metropolitan Communities: A Bibliography* (Chicago: Public Administration Service, 1956), p. 226.

[36] Council of State Governments, *The States and the Metropolitan Problem, op. cit.*, pp. 93–96.

[37] Government Affairs Foundation, *Metropolitan Surveys: A Digest* (Chicago: Public Administration Service, 1958), pp. 235–239; W. W. Crouch, *Metropolitan California, op. cit.*, pp. 97–99.

Federation permits coordinated areawide approaches to areawide problems, and a closer relating of taxing areas to benefit areas. By assigning areawide problems to the metropolitan government and local problems to the municipalities, it keeps officials at each level from being overwhelmed by details.

The federation approach has less political feasibility than a step-by-step approach, such as the piecemeal transfer of functions to an urban county. Also, the federation is a new political entity, not foreseen at the time when most State constitutions were prepared; as a result, constitutional revision is invariably needed. The relationship to county governments must be worked out, and this may become especially difficult if the new unit lies in more than one county.

Further, a key question in political feasibility is the requirement for voter approval. Commonly local approval requires separate majorities in different subunits within the area of the contemplated federation, and sometimes it involves majorities in each of the political subdivisions affected. This amounts to giving each unit a veto over the whole, and is a particularly difficult obstacle to overcome.

Finally, there is little evidence that urban civic and political leadership in the United States is as yet favorably disposed to the concept of "metropolitan government" as such, which is embodied in the federation plan. The conceptual ties to traditional forms of local government are very strong, and the image of a single new form of general government covering an entire metropolitan area is distasteful to many.

Applicability of Reorganization Methods

This review of alternative approaches leads to no easy generalizations about the best way to reorganize governments in the metropolitan age. All the approaches surveyed are useful in some circumstances, and they are not mutually exclusive. Many are closely related in their use and impact, such as extraterritorial powers, intergovernmental service contracts, and annextion. Different approaches can supplement one another, such as the use of service contracts in California to facilitate the development of urban counties. Also, one approach may serve as a steppingstone for later and more significant structural changes. Thus voluntary metropolitan councils may help create areawide agreements to undertake joint approaches to service problems. In fact, the likelihood that further modifications will always be needed argues against undertaking any governmental approaches that will make future adaptation more difficult.

The diverse approaches described here suggest that the governmental structure in metropolitan areas is rich in possibilities for change to cope with new conditions. Yet in many areas, these approaches are theoretical possibilities rather than realistic alternatives to the present system. In particular, State restrictions on local governments block the more widespread use of these reorganization devices. In recognition of the urgency of adjusting local government structure to handle today's needs, the Commission has called for State action to unshackle the metropolitan communities so that they can have a freer hand in reorganizing their governments. The Commission's proposal is that the States provide an "arsenal" of remedial weapons that metropolitan areas can draw upon, consisting of author-

ization for a wide variety of approaches to metropolitan organization, supplemented by appropriate State assistance and regulation. These recommendations, as well as Commission suggestions for Federal measures to facilitate governmental adjustment, will be described in chapter VII.

The Politics of Reorganization

Efforts at governmental reform must sooner or later pass the test of political acceptability. Most proposals for major reorganizations are decided by the voters directly through a popular referendum in the areas affected, often with a requirement for separate majorities in each jurisdiction. To identify the main political factors affecting reorganization efforts, the Commission studied the fate of 18 proposals that were submitted to popular referendum between 1950 and 1961.[38] Six of these proposals were for city-county consolidation and one involved the merger of two adjacent cities. Another four, calling for changes in county charters, exemplified the urban county approach. Another involved a four-county sales tax for financing public improvements throughout the area. Two proposals were for metropolitan special districts, and four involved adjustments between county and municipal governments. Of the 18 attempts, only 8 were successful; another (Nashville-Davidson County, Tenn.) was later adopted with some modifications. This choice of examples is not intended to imply that the reorganization plans were necessarily desirable or that progressive reformers confronted an unenlightened opposition. All the proposals embodied various compromises; all contained both advantages and disadvantages for the people who had to make a choice. Despite differences from one area and proposal to another, certain common themes emerged from a study of the 18 cases.

In almost all cases, the proponents of reorganization focused strongly on two issues: the faultiness of existing local government structure or operations, and the need for urban services in outlying areas. The issue of services most commonly involved water and sewage disposal, but fire protection, rural zoning, police protection, and traffic control were also mentioned. Financial considerations were cited as major proreorganization arguments in 10 of the 18 areas, with emphasis on both the areawide totals of local government costs and taxes and the allocation of government costs within the area.

The opposition to reorganization also concentrated heavily on a few key points. Financial arguments were used against reorganization in all but two cases, with the allocation of costs to specific areas partly involved in most instances. In two-thirds of the cases, opponents claimed that the proposal was too drastic or too sweeping. Interestingly, this charge was made against the modest county charter proposals as well as against more ambitious reorganization efforts. In about half the cases, detrimental effects of reorganization upon local government employees or elected officials were major factors cited by the opposition. In five cases, the implications of reorganization for Negroes in the central city emerged as a negative factor, in that the

[38] For a fuller description of this study, see *Factors Affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas* (Washington: Advisory Commission on Intergovernmental Relations, May 1962).

proposed plan threatened to reduce their representation or influence within a reorganized local government.

Certain interest groups tended to appear with some consistency either among the proponents or among the opposition. Those favoring reorganization typically included metropolitan newspapers, the League of Women Voters, the central city chamber of commerce, commerical and real estate interests in the central city, radio and television stations, banks, central city officials, academic groups, manufacturing industry, utilities, and central city homeowners. The opposition often included farmers, rural homeowners, county employees, suburban newspapers, employees and officials of outlying local governments, and suburban commercial interests. Conflicting views of central city and suburban groups are evident in this lineup. A number of potentially powerful political actors—labor unions, taxpayer groups, neighborhood improvement groups, racial minorities—do not appear with any consistency on either side of the argument.

Local observers of the reorganization efforts identified a number of factors in each case that either aided the campaign for voter support or worked against it. Among the factors favoring reorganization efforts were support from State legislators representing the area, the use of locally knowledgeable individuals as staff to conduct background research and develop recommendations, the extensive use of public hearings by those responsible for the plan, and careful concern in designing the proposal to deal with problems involving representation of various districts and minority groups. On the last point, it is worth noting that several reorganization proposals were able to overcome the fear of reduced representation for central city Negroes by including appropriate safeguards in the plan.

The most significant factor working against adoption of reorganization proposals was the absence of a critical situation to be remedied, or absence of widespread popular recognition of such a situation. John C. Bollens has noted:

> Experienced observers of the metropolitan scene may be acutely aware of the defects and potential dangers that lie in the present system, but the average citizen has little such consciousness. He may be dissatisfied with the performance of certain functions, he may desire better or additional services, he may wonder at times where all this explosive growth is leading and what it means in terms of his daily living, but he is not deeply troubled. He feels no impelling need, no urgency, for any major restructuring of the governmental pattern of the area.[39]

Another unfavorable factor cited by local observers is the prevalent fear that reorganization will lead to higher taxes, and the inability of the proponents to allay this fear. Voters in both central cities and suburbs often assumed that a change in the status quo would mean higher taxes, though they sometimes arrived at this conclusion for very different reasons. Thus in one area, central city opposition was based largely on concern about the cost of extending city services to unincorporated areas, while rural opposition stemmed from fear of higher taxes in these same fringe areas.

It is clear from the 18 cases that were studied that reorganization proposals face a largely apathetic public. In 14 areas, less than 30

[39] John C. Bollens, ed., *Exploring the Metropolitan Community* (Berkeley: University of California Press, 1961), p. 70.

percent of the voting-age population even bothered to vote on the proposal. A larger turnout, of course, does not necessarily change the balance for or against a proposal; but a very small vote suggests that many people are not actively concerned one way or the other.

A more troublesome problem inherent in reorganization proposals is that whichever plan is put forward must compete for public favor not only against the status quo but against other potential approaches to governmental reform. Thus the opposition in several cases argued successfully that the proposed change would be less desirable than other kinds of structural adjustment.

Finally, it is evident from the experience in these 18 cases that reorganization proposals necessarily involve "political" issues and cannot win voter support solely on such grounds as economy, efficiency, and "good government." Reorganization plans do jeopardize the positions of elected officials, Government employees, neighborhoods and communities, and various interest groups. They raise questions about the representation of different constituencies and the impact of taxes and services. Genuine conflicts of interest are bound to arise. The political feasibility of a reorganization plan will depend to a large extent on the way in which the proponents take account of these conflicts both in developing the plan and in organizing their campaign for voter support.

In a similar review of nine cases of governmental reorganization efforts in metropolitan areas, Roscoe Martin has suggested a number of hypotheses on the nature of metropolitan action.[40] These hypotheses appear to be supported by the 18 cases reviewed by the Commission, and they extend the range of experience covered here. First, Martin suggests that action to reorganize government in metropolitan areas "normally results from a particular problem which requires solution, not from considerations of logic or doctrine." The lengthy and involved history of most reorganization efforts suggests that "adaptive action normally will be taken only after an extended period of incubation, including frequently a history of prior attempts and failures. It is not realistic to expect quick action even in response to demonstrated need." Delays in developing and implementing reorganization plans result in part from a lack of areawide institutions, and from the dispersed nature of political power in metropolitan areas. A related hypothesis is that "without skilled and experienced political leadership a proposal for metropolitan action, no matter how meritorious, is not likely to be brought to successful issue."

The 18 cases surveyed by the Commission all involved direct voter approval of reorganization proposals. Martin suggests, however, that "a campaign of civic education resulting in public acceptance is necessary to the success of an adaptive course, whether or not popular approval is required for adoption of particular proposal." The voter turnout indicated in the Advisory Commission study lends additional weight to the hypothesis that "citizens generally fail to respond to reorganization campaigns with any marked show of interest." The conflicting interests affected by reorganization proposals have already been noted. Martin observes that "almost every local adaptation to changing needs results from compromises designed to satisfy the parties, and particularly the governments, affected by the action."

[40] Roscoe C. Martin, *op. cit.*, pp. 129–133.

Clearly, the State role in authorizing local government modifications is one of prime importance. Martin comments on the significance of the State in metropolitan decisions that:

> * * * a city or even a county may be permitted to ignore the fact for long periods; but in the end an issue always arises which hauls it up short before this most fundamental fact of local government law: Every action by a local government is taken under a grant of power from the State. * * * In any appraisal of metropolitan decisionmaking, the role of the State must be judged to be of fundamental importance.[41]

Finally, Martin notes the increasing importance of the Federal Government in metropolitan decisions—a subject to be considered at some length in the following chapters—and suggests that increased Federal activity in this field is likely in the future.

Metropolitan Planning

The problems posed by inadequate local jurisdictions in metropolitan areas have led not only to efforts to widen these jurisdictions through the reorganization methods described above, but also to a notable movement to plan for local services and coordinate local programs and policies on an areawide basis. For many urban services and regulatory functions—water supply, transportation, land development controls—it may well be more important to coordinate local actions through joint planning than to transfer responsibilities to an areawide jurisdiction, such as a metropolitan special district. Where governmental reorganization is not feasible, joint planning may provide many of the same benefits. Even where reorganizations are successful, metropolitan-wide planning and coordination are still needed to assure effective performance. The need for coordination applies to all levels of government whose activities have an impact in metropolitan areas: unless the work of a metropolitan transit authority is coordinated with efforts of the State highway department (operating with Federal aid) and of local public works departments responsible for street construction and maintenance, the overall transportation needs of the metropolis are not likely to be served very effectively.

The results of poor coordination have been particularly evident in programs dealing with the physical development of metropolitan areas—with land use controls, transportation, public services, and facilities such as hospitals and schools. Within individual localities, city planning has emerged as a major function of government responsible for coordinating the work of local agencies responsible for these activities. As the spread of metropolitan growth has made local boundaries inadequate for many purposes, metropolitan planning agencies have been created to carry on similar functions for entire urban areas.

The kind of coordination that is needed in metropolitan development can be illustrated in the case of water supply. In large urban areas, the economies of sharing water supply systems can be considerable, as noted in chapter III. As a result, many communities have joined together by means of intergovernmental contracts or metropolitan water districts to make use of common reservoirs, purification plants, and trunklines. For economic use of the metropolitan

[41] *Ibid.*, p. 133.

water system, however, coordinated land use planning is also desirable. The system can supply needed water most economically if new industrial and residential development is encouraged at locations where there is excess capacity in the waterlines; otherwise, additional investment may be needed in some areas while other lines are used below their capacity. New development can be guided by means of highway development, local zoning, subdivision regulations, and the provision of streets and schools. Metropolitan planning agencies have been established to deal with just this type of problem by preparing area-wide plans for land development in order to lay a sound basis for a variety of local planning decisions.

A national survey of metropolitan planning agencies in 1964 indicated that 150 of the 216 standard metropolitan statistical areas recognized at that time had some form of metropolitan planning.[42] Most of the planning agencies covered an area approximately equal to the SMSA. In the largest metropolitan areas, multijurisdictional planning agencies predominate. These cover two or more counties, plus cities and towns in some cases. In effect, most of these agencies are metropolitan special districts responsible only for planning. In two cases, metropolitan planning is carried on by voluntary metropolitan councils (San Francisco and Seattle-Tacoma), and in two cases by regional transportation agencies (Philadelphia and New York). In smaller metropolitan areas, metropolitan planning is a function of combined city-county agencies or county agencies alone.

Most of these agencies operate with relatively small staffs and budgets—smaller than those of city planning agencies serving comparable populations. In metropolitan areas with more than a million people, the average metropolitan agency had a total staff of 34; in areas with a population between 100,000 and 250,000, the average staff size was about 10. Average yearly expenditures were $580,000 in areas over a million in population and $100,000 in areas between 100,000 and 250,000. The money is provided not only by the governments represented in these agencies, but also by the States and the Federal Government. Federal financing accounts for about a third of all metropolitan planning expenditures.

The members of metropolitan planning agencies are generally selected by the governments that are represented; in a few cases there are also State-appointed representatives on multijurisdictional agencies. The members include elected officials of constituent governments in about half the agencies; the remaining members are lay citizens and appointed officials.

The main responsibility of these agencies is to prepare a metropolitan development plan covering transportation, land use, and major public facilities. Virtually all the agencies give high priority to this function and have plans underway. The majority are required by law to adopt an official plan. As background for the plan and as special projects, metropolitan planners also study particular functions

[42] Housing and Home Finance Agency, *1964 National Survey of Metropolitan Planning*, prepared for the Subcommittee on Intergovernmental Relations of the Committee on Government Operations, U.S. Senate (Washington: Government Printing Office, 1965). For additional information on metropolitan planning, see Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University, *The Effectiveness of Metropolitan Planning*, prepared in cooperation with the Subcommittee on Intergovernmental Relations of the Committee on Government Operations, U.S. Senate (Washington: Government Printing Office, 1964).

and problems, such as population growth, economic development, housing, recreation, water supply and sewage disposal, community facilities, and local zoning and subdivision regulations.

Metropolitan planning agencies have made important contributions to urban development by projecting future growth and advising on needed services and other governmental activity. Their research has served as useful background for private as well as public investments. The main problem in metropolitan planning, however, is how to translate plans into action. Only a handful of metropolitan planning agencies have operating responsibilities that enable them to put a few elements of their plans into practice. Most are purely advisory and must rely on their powers of persuasion in dealing with local governments and public authorities. Their relationships with governments and public agencies operating in the metropolitan area are therefore critical.

Most metropolitan planning agencies provide information and technical advice to local governments; this function carries with it limited opportunities to influence local decisions. Only about a quarter of them have mandatory referral power to review local plans and regulations; still fewer have mandatory referral power for local capital improvement programs. About half review or comment on some local, State, or federally supported projects.[43]

Metropolitan planning agencies typically have very limited legal authority. Nevertheless, they have tried to marshal public support by educational and public relations activities, and many have taken the initiative in studying and discussing issues of regional significance. In the absence of stronger metropolitan institutions or leadership, these agencies can play an important role, similar to that of voluntary metropolitan councils, in airing public issues and promoting area-wide approaches to problems.

As an approach toward strengthening government in urban areas, metropolitan planning is promising, but its technical accomplishments have far exceeded its influence on government decisions. A recent evaluation of metropolitan planning by the Joint Center for Urban Studies of MIT and Harvard University concluded that the potential contribution of such planning to urban development is considerable, and warrants granting additional responsibility and more generous support to metropolitan planning agencies.[44] The Commission has reached similar conclusions and has proposed several ways of integrating metropolitan planning more effectively with government decision-making. One is to make local zoning, building regulations, highway plans, and proposals for major physical facilities subject to metropolitan planning review. Another Commission recommendation, to be discussed more fully in chapter VII, is to link metropolitan planning more closely to the coordination of Federal-aid programs in metropolitan areas.

Conclusion

This chapter has reviewed a number of ways in which local governments can be strengthened to cope with urban functions. These ap-

[43] Joint Center for Urban Studies of MIT and Harvard University, *op. cit.*, p. 133.
[44] *Ibid.*, pp. 115–123.

proaches involve a broadening of local jurisdictions, transfer of functions between governments, sharing of responsibilities, and similar devices within metropolitan areas. Much can be accomplished by these means, but together they constitute only one kind of approach to the problems of government in metropolitan areas. In contrast to these efforts within metropolitan areas, other metropolitan reforms can be achieved by actions of the States and the Federal Government. This second type of approach, drawing on the powers and resources of States and the Federal Government, will be the subject of the next two chapters.

Chapter VI

PRINCIPLES OF INTERGOVERNMENTAL ACTION

Advocates of metropolitan reorganization and of other efforts to strengthen governments in metropolitan areas place great emphasis on local action. Reform movements to improve the capacity of local governments to deal with metropolitan problems usually arise from within the metropolitan area itself. Various problems perceived at the local level—inadequate water supply, stream pollution, traffic congestion—often stimulate citizen groups and public officials to take a fresh look at the governmental arrangements available to them, and to propose whatever changes seem appropriate for getting on with the job at hand.

Yet the State government necessarily becomes involved in local reform efforts, since it must provide authorization for local government action. As the cases of water supply and relocation make clear, State participation may go well beyond the role of authorizing local arrangements. In addition, Federal programs have a significant impact on the conduct of government in metropolitan areas. Governments within metropolitan areas are in fact linked by financial, legal, and administrative ties to the States and the Federal Government, and public services and policies in urban areas are strongly influenced by the actions of higher levels of government.

Within the federal system of the United States, the States and the Federal Government can use their powers and resources in many ways to cope with metropolitan area problems. Although local government reorganization has received most attention in the literature dealing with urban problems, the use of the federal system is an equally valid approach and has been highly effective in practice. The Commission has studied the metropolitan impact of State and Federal policies and has recommended a series of intergovernmental measures to meet metropolitan needs. An important part of this work has been the development of a philosophy of intergovernmental action rooted in the basic concepts of the American federal system. This chapter will review the principles that the Commission has put forward as a basis for intergovenmental relations in metropolitan areas; the following chapter will summarize the Commission's recommendations to the States and the Federal Government.

Governmental Responsibility in the Federal System

The division of powers between the Federal Government and the States is a direct expression of the political philosophy of federalism in the Constitution. It reflects the conviction that a territorial division of authority, as well as a series of checks and balances in the National Government, offers protection for individual liberties. The principles of federalism may be regarded as a historical heritage, but

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each generation has adapted them to cope with its own problems. Their contemporary significance is thus a cumulative result of national experience as well as of historic origin.

The most recent general review of the current status and effectiveness of the federal system was undertaken between 1953 and 1955 by the U.S. Commission on Intergovernmental Relations, better known as the Kestnbaum Commission. The conclusions in the Commission's report to the President are a useful starting point for establishing a philosophy of intergovernmental relations in metropolitan areas.[1] These conclusions have served as the basis for much of the work of the Advisory Commission on Intergovernmental Relations, which was established in 1959, pursuant to a recommendation of the House Committee on Government Operations,[2] to give continuing attention to governmental relations within the Federal framework.

The Kestnbaum Commission found that the federal system, with its division of authority between the National and State Governments, offers many clear advantages for a nation as large and diverse as the United States. It has facilitated wide participation in government, maintained local initiative, provided laboratories for research and experimentation in government, and bolstered the principle of citizen consent. In addition to the basic division between the Federal and State Governments, the States have established a further division of authority between the State, its counties, and municipalities. This division has enabled local option to prevail on a wide variety of issues and has fostered a diversity of values and policies—including many in opposition to those prevailing in Washington at any particular time.

Flexibility has been one of the main characteristics of the federal system, in the view of the Kestnbaum Commission. The system has proved workable under a variety of changing conditions as well as changing public expectations. It has had to cope with a vast increase in the population of the United States and an unparalleled diversity of ethnic and racial groups, the industrialization of the economy, revolutions in transportation and communication, the emergence of the United States as a world power, and the changing values that have assigned to government a major role in promoting social and economic welfare. These developments have led to modifications in the system, and there has been a vast enlargement of Federal Government activity and authority. Nevertheless, the continued vitality of State and local government is evidence that the principle of strong, independent levels of government has been maintained throughout this process of adaptation.

The growth of metropolitan areas poses a current challenge not only to the local governments in these areas but to the entire federal system and its capacity to govern effectively. There has been special concern that local governments are bypassing the States and turning directly to Washington for help with urban problems, and that both the States and the localities may be unable to cope with the forces un-

[1] Commission on Intergovernmental Relations, *Message from the President of the United States Transmitting the Final Report of the Commission on Intergovernmental Relations, Pursuant to Public Law 109, 83d Cong.* (Washington: Government Printing Office, 1955). The following discussion summarizes material presented in the introduction and first 2 chapters of this report.

[2] U.S. Congress, House of Representatives, Committee on Government Operations, *Federal-State-Local Relations: Federal Grants-in-Aid*, 85th Cong., 2d sess., H. Rept. No. 2533, p. 51.

leashed by metropolitan development. Despite these current strains, the federal system continues to provide a sound framework for meeting the social and economic needs of metropolitan areas, in the view of the Advisory Commission. What is needed, however, is a continuing process of adaptation and a fresh look at the allocation of governmental responsibilities in the light of metropolitan conditions.

A fundamental point in the philosophy of the Commission, therefore, is that the problems of intergovernmental relations are not likely to yield to simple or sweeping solutions. Modifying the federal system is more a matter of making incremental changes based on a pragmatic approach to problems. Senator Muskie, a member of the Advisory Commission, observed recently:

> I think the Commission was created in 1959 in response to a long-growing concern on the part of many people that the federal system was breaking down and that the State and local levels of government were weakening in their ability to deal with their problems. I think there was a feeling on the part of some that such a commission could find some magic formula; that in one or two strokes it could suddenly clarify the whole thing, reinvigorate State and local governments and roll back the tide of centralization in Washington.
> * * * Members of the Commission * * * have found that this job of strengthening the federal system is a brick-by-brick proposition; that it calls for meticulous analysis and evaluation of the manner in which the system works * * *.[3]

Intergovernmental measures to cope with metropolitan problems cannot, therefore, be derived solely from a theoretical allocation of governmental responsibilities, but certain general principles can be developed to assist in the analysis of particular issues. The Kestnbaum Commission has provided several broad principles concerning a proper division of activities between the Federal Government and the States. The basic purpose of the division of powers is "to provide a climate that favors growth of the individual's material and spiritual potential."[4] This is the proper use of governmental power, and a balanced division of authority requires effective and responsible government toward this end at all levels. Further, the Kestnbaum Commission noted:

> The States have responsibilities not only to do efficiently what lies within their competence, but also to refrain from action injurious to the Nation; the National Government has responsibilities not only to perform, within the limits of its constitutional authority, those public functions the States cannot perform, but also to refrain from doing those things the States and their subdivisions are willing and able to do.[5]

These principles invite further questions: Which activities lies within the competence of the States? Which functions are the States and localities unable to perform? Within the framework of the federal system, is it possible to identify principles of State responsibility and State-local relations, as well as conditions justifying national action and a Federal Government role in metropolitan affairs?

State Responsibilities and State-Local Relations

Particularly since the depression of the 1930's, local governments have learned to take their problems to Washington rather than to the

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[3] U.S. Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Hearings, Intergovernmental Cooperation Act of 1965*, 89th Cong., 1st sess., 1965, p. 59.
[4] Commission on Intergovernmental Relations, *op. cit.*, p. 4.
[5] *Ibid.*

State capital when they need outside help. Among the many factors operating here, the unequal apportionment of State legislatures was important in weakening the political leverage of urban areas at the statehouse, while the strength of metropolitan voters in national elections encouraged a more sympathetic hearing in Congress or the executive branch. Many observers of metropolitan affairs pay proper respect to the inherent responsibility of the States to assist local governments in metropolitan areas, but then point to the indifference of rural-dominated legislatures, State constitutional restrictions, and the difficulties of raising additional State revenue. They then conclude that the only practical approach to dealing with metropolitan problems is for local governments to develop still stronger ties directly with Washington.

The Advisory Commission has reached more positive conclusions about the role of the States. There are indeed many obstacles impeding more effective State action, but changes are underway, and there are compelling reasons for continuing efforts to enlarge the State role. Rural domination of State legislatures has already been altered by reapportionment in many States and more will follow. Despite remaining obstacles, the States occupy a key position in the federal system for coping with problems of government in metropolitan areas. Only the State can authorize local government action and exercise proper supervision of such matters as incorporation, annexation, and local transfers of functional responsibility. The State, as a level of government encompassing entire metropolitan areas, is in a position to overcome many of the difficulties resulting from fragmented local responsibility and disparities between service needs and tax jurisdictions. The State can tap the economic resources of the entire metropolitan area and bring these resources to bear on local needs. Further, it can use its powers of taxation and distribution of aid to furnish a measure of equalization, thus enabling poorer localities to meet minimum standards of service. Regulation, assistance, and equalization are three important metropolitan functions that the States are well equipped to handle.

The Council of State Governments has made many of these points in a recent discussion of State responsibilities:

> State government possesses singular qualifications to make profound and constructive contributions to urban regional development practice. The State is, in fact, an established regional form of government. It has ample powers and financial resources to move broadly on several fronts. Far-ranging State highway, recreation, and water resource development programs, to name a few, have had and will continue to have great impact on the development of urban and regional areas. Moreover, the State occupies a unique vantage point, broad enough to allow it to view details of development within its boundaries as part of an interrelated system, yet close enough to enable it to treat urban regional problems individually and at first hand.
>
> Strong State leadership will in the long run determine its role within the Federal system in influencing the character of development within its boundaries. In the past, the extent to which local governments, especially in metropolitan areas, have leap-frogged the States to seek Federal assistance for urban renewal, planning, and area redevelopment purposes, suggests that many States have been slow to respond to this challenge.[6]

The case for strong State participation in metropolitan affairs is thus based not only on the State's legal powers and capacity to raise

[6] *State Responsibility in Urban Development: A Report to the Governors' Conference* (Chicago: The Council of State Governments, 1962), pp. 17–18.

revenue from metropolitanwide sources, but also on its unique vantage point. State technical assistance as well as financial aid is warranted, not because technical expertise is lacking at the local level but because a centralized grasp of areawide problems is likely to be lacking. As for financial aid, the Federal Government has undertaken many programs of direct local grants to which most States make no contribution at all. If "States responsibilities as well as States rights" is not to be an empty slogan, State government must accept the principle that taxpayers of the State have a greater responsibility than taxpayers of the Nation in financing local government activities within the State. Extending Federal aid to local governments while the respective States stand idly by is incompatible with the philosophy of the federal system. If any function of local government is critical enough to receive the attention and assistance of the Congress, then it is axiomatically critical enough to receive the attention and assistance of the State. Yet in fields such as urban renewal and public housing, Federal programs receive little State support. At present, only 5 States participate in urban renewal financing and only 14 extend some form of aid to local governments for subsidized housing.

State inaction only tends to make more persuasive the argument for increased intervention by the Federal Government. More vigorous State action would not eliminate the need for Federal programs in metropolitan areas; many are fully justifiable in any case. But without strong State participation, Federal programs tend to become more direct and to prescribe highly specific local actions, to the detriment of the overall structure of National-State-local relations within the federal system. Unless the States take a more active role, the final result is likely to be a much wider assertion of direct Federal action and control than either States or local governments or the people themselves would otherwise be willing to accept.

The Role of the Federal Government

While the major responsibility for solving metropolitan problems lies with State and local governments, many considerations, including the number and size of interstate metropolitan areas, make these problems a national issue demanding national action. Economic consideration alone, and the predominant position of the metropolitan areas in the national economy, are sufficient to make the development of these areas a vital concern of the Federal Government.

Outside a specifically metropolitan context, the Kestnbaum Commission identified a number of general conditions justifying national action:[7]

1. "When the National Government is the only agency that can summon the resources needed for an activity." National defense and fiscal and monetary controls are two general examples. In the metropolitan field, FHA mortgage insurance and urban renewal have both been supported on this basis.

2. "When the activity cannot be handled within the geographic and jurisdictional limits of smaller governmental units, including those that could be created by compact." River basin development programs and pollution control in interstate waters are illustrations.

[7] Commission on Intergovernmental Relations, *op. cit.*, pp. 64–65.

3. "When the activity requires a nationwide uniformity of policy that cannot be achieved by interstate action." The planning of Interstate and National Defense Highways involve the application of uniform national policy.

4. "When a State through action or inaction does injury to the people of other States." On this ground, national action can be justified to prevent unrestrained exploitation of an essential natural resource, such as forest land or water supplies.

5. "When the States fail to respect or to protect basic political and civil rights that apply throughout the United States."

6. "Some of the underlying reasons for national participation flow from the simple fact that some types of information may not be available or usable at all unless gathered at a central point." Examples are a national fingerprint file, or the national censuses of population, housing, and economic activity.

7. "Money is the focus of another set of reasons for national participation in certain fields of service where a strong national interest is identified. The most inclusive areas of government may properly take account of the uneven distribution of local resources when the desirability of universal minimum levels of service is established."

These general principles have many applications to metropolitan problems. The resources needed to meet social and economic problems of metropolitan areas are, in large part, available within these areas, but because they are unevenly distributed they are not necessarily available to those parts of the area most in need. The Advisory Commission has concluded that these problems will not be solved simply by transferring funds and functions among jurisdictions in metropolitan areas, and that a nationwide approach is needed. Both Federal and State Governments have a crucial role to play in better matching local capacity to meet pressing needs.

In the field of relocation, many cities have lagged in offering effective assistance. More than half the States have not chosen to make highway relocation payments or are making payments below the maximum for which Federal reimbursement is available. From this record, the Commission concludes that assumption of National Government responsibility is essential to assure a uniform and equitable approach toward relocation assistance in federally aided programs.

Where Federal action is justified, other issues arise concerning the nature of Federal participation and the administration of Federal programs. The major form of Federal help in metropolitan areas is the grant-in-aid: financial assistance to a State or local government for use in a specified manner that will help to achieve some national objective. As a condition of this assistance, the Federal Government establishes program requirements and provides administrative supervision. In principle, the grant-in-aid dates from the Ordinance of 1785, in which the Congress of the Confederation authorized grants of land for schools to local governments. Today there are some 120 Federal grant-in-aid programs, most of which are applicable within metropolitan areas. Grants-in-aid are used to help the disabled and the elderly, demonstrate new techniques of medical care, support vocational rehabilitation, provide school lunches, build highways and

airports, and meet a broad variety of social and economic needs. In some programs, the Federal Government finances all or almost all the costs; in others the Federal share is small. By 1964, total annual Federal grants-in-aid to States and local governments reached $10 billion.

The Federal grant-in-aid is an important instrument for carrying out the partnership concept inherent in the federal system. It reconciles State and local administration of public services with Federal financial support in programs of national concern. Grants-in-aid, conditioned on performance requirements, make possible the achievement of national goals without overextending the Federal bureaucracy and without Federal assumption of State and local functions. By means of grants-in-aid, the Federal Government has not only been able to support existing State and local functions, but to stimulate the States and localities to expand their own programs and to undertake new ones.

Federal grants-in-aid can also have many secondary effects within metropolitan areas. In addition to stimulating or helping local and State governments to perform the functions that are the main object of a program, the conditions under which aid will be available may stimulate other forms of governmental activity. When Federal administrative policies favor special districts as the recipients of grants-in-aid, the result may be the formation of new special district governments. Regulations that do not authorize joint participation in a program by two or more local governments may effectively discourage cooperative approaches. Requirements that localities receiving grants-in-aid must undertake comprehensive urban planning tend to strengthen the planning function in local government. In administering grants-in-aid, the Federal Government has an obligation to draw up administrative regulations that will encourage local actions to cope with metropolitan problems rather than actions that obstruct efforts to deal with them.

It is also incumbent upon the Federal Government to coordinate its many activities in metropolitan areas with one another and with State and local programs, if only to assure that they are not in conflict with one another and that Federal expenditures do contribute to sound community development. For this purpose, a number of Federal programs either require local planning as a condition of aid or offer incentives to encourage it. The planning that is encouraged in this way is sometimes limited to the function covered by the grant-in-aid, or in several cases it is comprehensive urban planning covering all major physical development programs in the community. In most programs with planning requirements, the planning that must be undertaken applies only to the local government receiving aid. In a few programs, metropolitanwide planning is required or encouraged. Requirements for specialized planning of the activity covered by the grant were first prescribed in the Smith-Lever Act of 1914, which conditioned aid for cooperative agricultural extension on a plan for administering the extension programs. Requirements for comprehensive and areawide planning are much more recent and have been growing in number during the past few years.

The Advisory Commission has recommended that Federal grant-in-aid policies, as well as direct financial assistance, be used to encourage

comprehensive planning at the metropolitan level. It may be argued that this use of Federal policy invades the prerogatives of the States or that it will force local cooperation where there is no desire to cooperate. The Commission believes, however, that the time has come to insure cooperation among local units of government in metropolitan areas. Although the main burden for insuring this cooperation rests properly with the States, metropolitan planning incentives can serve both to reinforce State efforts and to assure improved coordination of Federal programs.

The general principles that the Commission advocates for grant-in-aid programs are that they should be administered to promote: (1) policy coordination at the Federal level, (2) local planning for comprehensive urban development, (3) local planning for each aided function, (4) joint planning and performance of work by localities to meet common needs within governmentally fragmented urban areas, (5) general units of local government rather than special-purpose units, and (6) organizational flexibility within general units of local government receiving aid. Several of these criteria are derived from principles to be discussed later in this chapter.

Another major issue concerning Federal aid to States and localities is the extent to which Federal contributions should vary according to the capacity of each recipient government to raise funds for participating in these joint programs. Equalization features in grant programs may take account of these differences by varying either the allocation of Federal funds or the requirement for local matching shares in jurisdictions with different abilities to raise revenue. Where there are no equalization provisions in a Federal grant-in-aid program, wealthier States and communities can take advantage of the Federal offerings with comparative ease, while poorer States can do so only by taking on relatively heavier tax burdens. Without equalization provisions, Federal aid is unlikely to work in the direction of achieving a national minimum level of service. Further, some localities with relatively low fiscal capacity earmark a high share of their resources to aided programs, to the detriment of services for which Federal grants are not provided. Under these circumstances, pressures often arise for a general enlargement of the Federal share of costs, for direct Federal program operations, and for unmatched Federal grants.

The Commission has concluded that the national policy considerations that require Federal grant programs require also that, as a general principle, the distribution of Federal grants should take account of relative inequalities in the fiscal capacities of State and local governments. The purpose here is not to achieve an overall equalization of income or resources among State and local governments, but rather to achieve a more uniform level of minimum program standards. The philosophy of federalism recognizes a national concern with the adequacy of State and local preformance in services affecting national strength and welfare, but it does not seek interstate uniformity in either the total levels of governmental service or in the level of taxes. Each State has a right to set its own expenditure levels and to minimize—or maximize—its dependence on Federal aid. Differences in program levels are a positive result of local self-determination. There are grounds for equalization, however, when such differ-

ences are incompatible with essential national policy objectives as determined by Congress.

A Political Philosophy for Metropolitan Areas

These principles of State and Federal action can serve as the basis for recommending State and Federal action directed toward the problems of metropolitan areas. A more complete political philosophy for metropolitan action also requires a complementary set of principles applying to local governments within metropolitan areas. Some of the same principles concerning the distribution of governmental authority can be adapted to the local level, but other issues must also be considered. Among these are the values and limitations of local home rule; policies concerning special district governments; and the implications of social and economic disparities in metropolitan areas.

Home Rule

Recent developments in metropolitan areas have divested the concept of home rule of much of the sanctity it possessed at various times in the past. The values of maximum citizen participation and local control implicit in home rule are in tension with the limited ability of small units of government to meet modern service standards, with the spread of public policy concerns to the metropolitan scale, and with the poor public performance that often results from divided authority. Effective local control—the goal of home rule advocates—often requires a larger jurisdiction than the typical local unit in a metropolitan area. The Kestnbaum Commission has noted:

> Self-determination in one isolated local unit of a large community often restricts the opportunity for genuine home rule in the whole community.
>
> Unfettered local control can be injurious to local as well as to broader interests. For example, it is generally agreed that houses cost more than they need to because local building codes, sanitary regulations and inspections, licensing requirements for artisans, and zoning and subdivision controls are often inadequate, outmoded, or conflicting. Complete home rule with respect to these matters by ill-equipped local units has been frustrating for the building industry and the public, and has produced complications for National and State housing programs.[8]

The case for local home rule rests upon such considerations as controllability, accessibility to the public, and citizen participation—all of which are held to be promoted most successfully by small units of government. These are important values, but they must be balanced against other considerations. First, it is not clear whether they are in fact best served by small home-rule units. Larger, more diverse communities also serve important political values in minimizing the likelihood that any one group will dominate the government and increasing the opportunity for all groups to have their interests respected. Other considerations center around economies of scale in performing urban functions and the need for adequate space to cope with many responsibilities. Still other limitations of local home rule arise from the close functional interrelationships that exist in metropolitan areas. Many problems have grown beyond

[8] Commission on Intergovernmental Relations, *op. cit.*, pp. 54–55.

city limits, but the city's power to cope with a situation ends abruptly at its boundary lines. In addition to local inability to provide many services, individual communities may damage their neighbors' interests by their own policies—by excluding moderate-cost housing or polluting rivers, for example.

The complexity of metropolitan problems and the inability of many smaller units to cope with them defeats the theory of local home rule and popular control, as well as the ability of local government to provide services. Where everybody is concerned but no one unit has the power to act, what purpose is served by local popular control? The Commission shares the view expressed by Luther Gulick that municipal home rule in the mid-20th century is not the right to be left alone behind legally defined bulwark, but rather the right to participate as an equal partner in arriving at decisions which affect community life. This concept was stated more fully by Hugh Pomeroy:

> Local governmental autonomy can have justification—and, ultimately, validity—only as it is accompanied by responsibility, a realization by the individual municipality, government, and people, of being an integral part of an intercommunity composite, with an acceptance of obligations based on that relationship. And the primary obligation is that of accepance of some limitation of freedom of action in the interest of the greater good.[9]

Home rule, in the view of the Commission, is by no means an absolute principle of local government today, but must be modified within a metropolitan context.

Fragmentation Via the Special District

Special districts responsible for schools, utility services, or other functions are a prominent feature of the governmental landscape in metropolitan areas, accounting for more than 60 percent of the local units in these areas in 1962. These districts play an important role in metropolitan government, as their prevalence suggests. Generally they are created to provide a specific service when existing units of general government (cities, towns, counties) are either not providing it or not doing so in an acceptable way. An additional factor of some importance is that special districts represent a way of avoiding State restrictions concerning debt limitations or other restraints on units of general government.

The creation of a special district is a relatively easy and direct way of satisfying a particular service need. The public appears to be satisfied with the services they receive from these districts, and most are meeting the needs that led to their creation. Despite this positive performance, however, special districts frequently give rise to intergovernmental problems and hamper the effective coordination of local government services as a whole.

Special districts that are responsible for a single service or function never have occasion to weigh a variety of service needs against available resources. Each tends to set standards independently and to advance its own claims to tax dollars. Further, the splitting of urban responsibilities into separate governments often leads to

[9] Hugh Pomeroy, "Local Responsibility" (an address before the National Conference on Metropolitan Problems, East Lansing, Mich., Apr. 29, 1956).

poorly coordinated efforts. Thus the water district, park district, and transit authority may operate at cross purposes when they choose locations for new facilities. The operations of many independent districts not only distort the political processes through which competing demands for local revenue are evaluated and assigned priorities, but also tend to obstruct the coordination and planning of services.

In addition, the multiplicity of special districts often prevents the citizen from knowing exactly what is going on in his community. Conscientious voters must keep track of a bewildering array of special government activities, and it is difficult to hold elected officials responsible for the overall outcome. The Commission has also found that special districts frequently increase the cost of governmental services by duplicating administrative burdens and paying high interest rates on revenue bonds for capital construction.

The Commission considers the use of special districts entirely justified when units of general government do not or cannot respond to service needs of the people. The special district solution, however, may bring more problems than it solves. The Commission has taken the position that more effective control over special districts is needed, that efforts should be made to consolidate existing special districts, and that new ones should be permitted only when it is clear that no unit of general government (and no existing special district) can provide the needed service.

Social and Economic Disparities

Patterns of social and economic segregation have created some of the most urgent and deep-seated problems of intergovernmental relations in metropolitan areas. Social and economic disparities between different localities result in part from the structure of government: because most metropolitan areas are divided into many small jurisdictions, social differences from one location to another tend to produce local government units with distinctly different populations. Further, many local governments pursue policies that tend to exaggerate social and economic disparities by discouraging the construction of homes for low- and moderate-income families.

This interaction of socioeconomic and jurisdictional patterns has additional significance for intergovernmental relations in that it tends to produce major fiscal and public service disparities from one locality to another. Social and economic segregation fosters the development of "rich" and "pauper" communities. Residents of the poorer communities must either assume a disproportionately heavy taxload or accept a decidedly lower level of public services.

Three commonly accepted goals are relevant for evaluating the significance of these disparities: equality of opportunity, freedom of choice, and intergovernmental amity.

When disadvantaged and dependent people are isolated from the rest of society, their opportunity to acquire the capacity for a productive life is not only unequal but often denied. When the causes of their poverty or dependency are irrelevant to the general economic prosperity, as in the case of the elderly, the undereducated, or the occupationally obsolete, the climate of opportunity that will ultimately en-

able them to exercise free choice must be created and protected by government. But if a community consists largely of the very people who most require government services, it will lack the resources to meet these needs.

The American ideal of equal opportunity for individuals to seek fulfillment in a free economic market is also frustrated by local political boundaries in metropolitan areas. The economic self-interest of local governments often restricts freedom of choice in the housing market regardless of whether there is overt discrimination by race or class. Unless specific governmental action is directed toward problems of economic and social differences among the many separate metropolitan jurisdictions, disparities tend to grow and inequities are magnified. To a large extent, the job of assuring equal economic and social opportunity to metropolitan residents is one of expanding freedom of choice in the housing market for disadvantaged groups. Residence is the basis for receiving and paying for a large number of urban services, including public education. Thus any effort to alleviate social and economic disparities in metropolitan areas must stress the application of housing and development policies designed to promote diversity and opportunity throughout these areas.

The implications of local disparities in metropolitan areas are also ominous for intergovernmental relations within the federal system. Population groups at the lower end of the social and economic scale are rapidly becoming the dominant political force in the central cities of many large metropolitan areas. The continuing growth and segregation of these groups in the central cities threatens to produce major conflicts of interest and values between central cities and the more affluent suburbs. This split will make it increasingly difficult to bring about the cooperation between local governments that is so badly needed in a number of public service fields. Similarly, future governmental reorganization and structural adaptation in metropolitan areas may become increasingly difficult. Traditional rural-urban differences in State legislatures have already been supplemented by an equally fundamental central city-suburban split. If disparities continue to sharpen, this split will increasingly be reflected in the Congress.

These considerations lead to a number of principles of government action to prevent the intensification of local disparities and to cope with the effects of those that already exist. Government action can reduce fiscal and public disparities by: (1) promoting a wider range of choice in both housing and employment within metropolitan areas; (2) encouraging local cooperation, boundary adjustment, and joint performance of urban functions; and (3) developing a more sophisticated Federal-State-local equalization system to begin to compensate for existing fiscal disparities among local governments. These approaches will be discussed in greater detail in the following chapter.

Clearly, governmental action to deal with fundamental social and economic problems that underlie the pattern of disparities—broken families, inadequate education, discrimination in employment—must extend well beyond the realm of intergovernmental relations. This review of the implications of social and economic disparities therefore deals only with a specialized set of considerations. The principles described here are not directed toward the solution of underlying social

problems, but rather toward removing intergovernmental barriers to their solution and establishing a sound governmental framework for further action.

A basic consideration is that government action should not be taken to force people to move to particular locations in order to reduce disparities. The proper goals of government action should be: (1) to adjust Federal, State, and local policies to meet problems where they exist; and (2) to broaden the range of choices open to people in jobs, housing, and level of government service.

The implications of social and economic disparities threaten both individuals and their governments. A decline in local tax base, increasing demands for welfare services, increased racial and social tensions, and a breakdown in communication between the poor and the rest of society are all fearful alternatives to vigorous action by Federal, State, and local governments.

Some observers of metropolitan America have taken another view of the differences among localities in population, resources, and levels of service. Edward C. Banfield and Morton Grodzins have stressed the positive aspects of this differentiation among localities: they see in it the values of autonomy, diversity, and maximum choice for people in deciding where to live.[10] Others, such as Robert C. Wood, stress the limitations of governmental processes that rely heavily on local autonomy. As Wood describes the metropolitan scene, local individualism shades easily into self-interest and a failure to come to grips with common problems: "The sense of responsibility of freemen to one another and the recognition of common purposes that constitute a persuasive part of the American creed are lost, and the spectacle ensues of a simple scramble to the top for the best market baskets of local government services." [11]

The advantages of autonomy and local diversity are real and substantial, but many people are unable to enjoy them. In principle, freedom to choose a satisfactory level of community services is available to people both as consumer-voters who influence local government policy and as residents who can decide where they want to live. In practice, there are important exceptions to both methods of choice. The voting process is not available to commuters who spend all their working hours in a city where they do not live; they can express their service preferences only indirectly and often ineffectively through business-employer pressure. The voting process is also unavailable to residents who are affected by the service policies of neighboring communities—by their level of traffic and transportation service or pollution control, for instance.

In addition, many people have very few choices open to them when they decide where to live. The lack of low-cost housing in many communities, combined with racial discrimination, deprives large numbers of people of any semblance of a reasonable choice of places to live, and at the same time reinforces local disparities.

The principles advocated by the Commission respect the values of local autonomy and diversity, but not when they can be obtained only

[10] Edward C. Banfield and Morton Grodzins, *Government and Housing in Metropolitan Areas* (New York: McGraw-Hill, 1958).

[11] Robert C. Wood, *Suburbia: Its People and Their Politics* (Boston: Houghton Mifflin, 1958), p. 288.

at a cost of restricted individual opportunities and crippling fiscal disparities. If local communities turn their backs on the problems of their neighbors and act in isolation from one another, they are likely to pay more for their government services, deprive many people of scarce resources and opportunities, and eventually reap a harvest of social and political tensions. In urban America, good fences do not make good neighbors.

Chapter VII

PROGRAM FOR BETTER PERFORMANCE

Many kinds of proposals for government action flow from the general principles that the Commission has developed for coping with metropolitan problems. Some of the Commission's recommendations are for measures to improve the machinery of government itself—that is, to strengthen the capacity of governments to deal with metropolitan issues. Others are intended to improve the operation of specific programs affecting metropolitan areas. Still other proposals are for ways to use governmental resources more effectively in attacking particular problems.

In summarizing the Commission's main proposals concerning metropolitan areas, this chapter will consider first a package of State measures for strengthening governmental structure and using State-local relations to the best advantage in metropolitan areas. Then a number of proposed Federal measures will be considered, some oriented toward structural improvements in government and some toward more effective use of Federal aid in metropolitan areas. Finally, proposals will be presented for combined Federal-State-local action to deal with three different metropolitan issues: the provision of water supply and sewage disposal, relocation assistance to people and businesses displaced by government, and the problems of metropolitan social and economic disparities. This presentation is by no means a full recapitulation of all Commission proposals affecting metropolitan areas; but it summarizes the major measures for structural change and it illustrates the application of the Commission's general principle to selected governmental responsibilities and problems.

State-Local Relations

The Commission has proposed the provision of a State "arsenal" of remedial weapons that metropolitan residents can draw upon as they see fit. These weapons consist of permissive powers for strengthening and reorganizing local government in metropolitan areas. At the same time, the Commission has recommended action to assert State legislative authority, leadership, stimulation, and supervision with respect to metropolitan area problems.

1. "Residual Powers" Home Rule and Reservation of State Legislative Authority

To further the objectives of freedom of action for local government and to prevent erosion of home rule authority, the Commission recommends that in their constitutions the States grant to selected local governments all functional powers not expressly reserved or restricted

by general legislation.[1] This approach would provide flexibility to make adjustments as changing conditions warrant and would encourage initiative by local governments.

Although thus supporting the principle of maximum flexibility and freedom of action for local government the Commission also believes that the historical concept of home rule must be subject to certain limitations within metropolitan areas. The Commission recommends that when States consider general constitutional revision or undertake constitutional changes affecting local home rule, they should reserve sufficient authority to enable State legislative action to modify the responsibilities of local governments within metropolitan areas and the relationships among these governments.

Because of the rapidly changing needs for government services in metropolitan areas—as well as changes in the ways of providing these services—the State should be in a position to furnish leadership, stimulation, and appropriate supervision to metropolitan areas. This is especially important where a metropolitan area covers more than one county, because in such a situation there is no authority short of the State that can be brought to bear upon the area as a whole. Constitutional provisions that give municipalities home rule and prohibit State intervention in particular functions may handcuff the State when its help is needed. For example, if water supply and sewage disposal are among the municipal functions enumerated in a constitutional home rule provision, the State will be powerless in attempting to exert any authority to institute an areawide approach to water supply or sewage disposal.

2. LIBERALIZATION OF MUNICIPAL ANNEXATION OF UNINCORPORATED AREAS

The States should examine critically their present constitutional and statutory provisions governing annexation of territory to municipalities. Where there are provisions that now interfere with the orderly and equitable extension of municipal boundaries to take in unincorporated territory in which urban development is imminent or underway, these provisions should be eliminated or amended, at least with regard to metropolitan areas. As a minimum, authority to initiate annexation proceedings should not rest solely with the residents of an area who want to be annexed, but should also be available to city governing bodies. There is also merit in the principle that the residents of a minor outlying unincorporated area should not have absolute veto power to prevent a proposed annexation that meets appropriate standards of equity.

The concept of home rule should be modified to minimize the ability of local governments or residents of small areas to block the orderly development of governmental structure and services in metropolitan areas. Liberalized annexation laws are an important and fruitful possibility for State government to provide as a way of facilitating metropolitan area development. It is not feasible, however, to turn back the clock and use annexation to try to absorb units of government that are already established. The principal application of liberalized annexa-

[1] See "Local Government Residual Powers," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 385–386.

tion laws will be in unincorporated territory. This approach will not alleviate situations in which a city is already ringed by suburban governments, but it should facilitate the orderly growth of newer urban centers.

The question of municipal boundary extension should be a matter of statewide policy rather than entirely a matter of local self-determination. Several States have adopted legislation to facilitate annextion, and their approaches may serve as appropriate models elsewhere. In North Carolina, for example, legislation enacted in 1959 established specific standards under which municipalities above a certain size may proceed unilaterally by ordinance to annex contiguous unincorporated territory. The area to be annexed must meet certain criteria of population density and other measures to establish its urban character. Within a specified time, the municipality must extend public services to the annexed area on a basis comparable to that prevailing in the rest of the municipality. The entire procedure is subject to judicial review to insure that statutory standards have been met.

3. CONTROL OF NEW INCORPORATIONS

The States should enact legislation providing rigorous statutory standards for the establishment of new municipal incorporations within metropolitan areas and providing for administrative review and approval of proposed incorporations by an appropriate agency of State government.[2]

A necessary corollary of the liberalized annexation procedures proposed above is more effective control of new incorporations. Municipal incorporations are undertaken for a wide variety of purposes, including many dubious ones. The Minnesota Commission on Municipal Annexation and Consolidation, in its 1959 report, cited examples of the incorporation of villages solely to preempt the tax base created by a new industry, and incorporation for the sole purpose of providing a liquor license for the sponsors. Elsewhere, communities have incorporated to avoid zoning or gambling laws or to forestall annexation.

The State has the power to halt the chaotic spread of small municipalities within metropolitan areas. The States should tighten up the standards and criteria for new incorporations. Standards generally should specify minimums of total population and population density, with higher standards required within a designated distance of larger cities. State review of incorporation should insure that statutory standards are met and that the incorporation will assist the orderly development of local government within metropolitan areas. Another approach is to assign the review responsibility to an agency at the county level representing local governments. Such an agency would apply standards similar to those used by a State agency.

4. AUTHORIZATION FOR THE CREATION OF FUNCTIONAL AREAWIDE AUTHORITIES

The States should consider enacting legislation authorizing local governments within metropolitan areas to establish, in accordance

[2] See "Municipal Incorporations," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 153–162.

with statutory requirements, metropolitan service corporations or authorities for the performance of governmental services that can best be handled on an areawide basis. These corporations should have appropriate borrowing and taxing power, but their initial establishment and any subsequent broadening of responsibilities should be subject to voter approval on the basis of an areawide majority.[3]

Many areawide authorities are now operating successfully in such fields as water supply, transportation, and port development. Despite the popularity and effectiveness of many of these agencies, they have been subject to several significant criticisms. They tend to foster a piecemeal approach to metropolitan services by singling out particular functions for independent handling, often without adequate coordination with governments responsible for related activities. They add to the number of local governments and the complexity of government structure. Since they are usually governed by a board of directors of private citizens appointed for staggered terms, they are somewhat removed from normal political channels of public control; to some critics, these authorities are "The Untouchables."

To meet legitimate criticisms while retaining the advantages of areawide authorities, the Commission proposes State legislation similar to the metropolitan municipal corporation law adopted by the State of Washington in 1957. The authority should either be multifunctional or, if limited to a single function at the start, should be capable of absorbing additional responsibilities with the approval of a majority vote in the area served. If the residents of the area choose to limit the authority to a single function, they should be precluded from establishing separate authorities to perform other responsibilities on an areawide basis. The board of directors should consist of elected officials—mayors, city councilmen, county commissioners—from the governments of the metropolitan area. The Commission thus proposes that the people of a metropolitan area should be authorized to establish a multipurpose functional authority or a single-purpose functional authority, or neither, as they choose by areawide popular vote.

5. AUTHORIZATION FOR VOLUNTARY TRANSFER OF FUNCTIONS FROM MUNICIPALITIES TO COUNTIES AND VICE VERSA

The States should authorize municipalities and counties in metropolitan areas to take mutual action to transfer responsibility for specified services from one unit of government to the other.[4]

The "urban county" approach is a very promising possibility for meeting problems created by the spread of service needs beyond municipal boundaries. County governments can be equipped to meet urban needs by a transfer of individual functions from local governments within the county or by a more thorough reorganization of the county government. Obstacles resulting from State limitation of county government organization and responsibility are formidable, however. County governments have been strengthened recently in Virginia, California, Tennessee, Florida, and other States. In the

[3] See "Metropolitan Functional Authorities," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 126–151.
[4] See "Voluntary Transfer of Functions Between Municipalities and Counties," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 407–410.

interest of political feasibility, the Commission proposes State authorization of a limited and gradual approach to permit voluntary transfers of functions. This approach could, of course, pave the way for more comprehensive measures in the future.

6. AUTHORIZATION OF INTERLOCAL CONTRACTING AND JOINT ENTERPRISES

Intergovernmental agreements and contracts are the most widely used means of broadening the geographical base for handling common functions in metropolitan areas. The Commission has recommended that States authorize two or more units of government to exercise jointly or cooperatively any powers possessed by one or more of the governments concerned and to contract with one another for the provision of governmental services.[5]

With changing demands for public services it may be desirable or necessary to administer services within geographic areas not coincident with the boundaries of existing political units. The approaches to changes in local governmental structure and authority identified above provide possible solutions. However, it may be only a single function, or a limited number of functions, and limited geographic areas involving only some of the units of government in a metropolitan area that call for special approaches. In such cases, interlocal agreements for joint enterprises or contracts for the provision of services frequently offer the most feasible and acceptable steps.

7. USE OF EXTRATERRITORIAL POWERS

Unguided sprawl around the fringes of incorporated places may be regulated and municipal services may be provided or improved by the use of extraterritorial powers. Such powers are those which a city exercises outside its ordinary territorial limits to regulate activity, to assist in providing services to residents within its own border, or to furnish services to residents outside its borders.

States generally have granted powers to cities to go outside their borders to help in providing services to their residents. Interlocal agreements or contracts are a common method of providing services to residents outside the borders of a city or they may be made directly available on a fee basis. Such provision of services in fringe areas around incorporated cities can help to forestall premature action on incorporation and prepare the way for annexation if desirable.

Another important and less widely available power is the authority to regulate immediately adjoining areas when such regulation is not otherwise exercised within the area. The Commission has recommended that municipalities be authorized to exercise extraterritorial planning, zoning, and subdivision control over unincorporated areas not subject to effective county regulation.[6] While this authority may have only limited potential for resolving basic intergovernmental problems, especially in built-up metropolitan areas, where it is applicable it can be most significant. It can serve to minimize substandard and unplanned development in unincorporated developing areas

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[5] See "Interlocal Contracting and Joint Enterprises," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 398–406.

[6] See "Extraterritorial Planning, Zoning, and Subdivision Regulation," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 119–125.

on the immediate fringes of existing cities, thus avoiding development which would make the areas a burden or unsuitable for later annexation.

8. COUNCILS OF PUBLIC OFFICIALS

The Commission recommends the adoption of legislation by States authorizing the formation of metropolitan councils of public officials.[7] These voluntary associations of elected public officials provide a forum for the consideration of common problems, and to development of coordinated approaches to solutions. They help to develop a consensus among public officials regarding metropolitan needs and serve to develop regional leadership. The councils are increasingly assigned additional functions—particularly planning responsibility.

Councils can be established on a strictly voluntary basis, pursuant to specific statutory authorization, or under general interlocal cooperation legislation.

9. AUTHORIZATION FOR CREATION OF METROPOLITAN AREA STUDY COMMISSIONS

Where legislative authority does not now exist, the States should authorize the establishment of metropolitan area commissions on local government structure and services, for the purpose of developing proposals for revising and improving local government structure and services within the area. The commissions should be created, optionally, by either mutual and concurrent action of the governing bodies of the local governments, or by initiative petition and election of the voters of the metropolitan area. There should be provisions to assure that the membership will be balanced so as to provide general equity of representation for the population groups and governments comprising the metropolitan area. Proposals developed by the commissions should become effective if they are approved at a special election held for this purpose.[8]

10. AUTHORIZATION FOR CREATION OF METROPOLITAN AREA PLANNING BODIES

The Commission has recommended enactment of State legislation authorizing the establishment of metropolitan area planning agencies representing the political subdivisions of the metropolitan area. The planning body should make advisory recommendations to local governments in the area concerning planned metropolitan development. It should also prepare areawide plans for land use and capital investment and should review proposed local zoning ordinances, building regulations, and major physical facility plans.[9]

All States except Arizona, South Dakota, and Wyoming now have legislation authorizing some form of metropolitan planning.[10] This

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[7] See "Regional Councils of Public Officials," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 291–296.

[8] See "Metropolitan Study Commissions" ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 101–118.

[9] See "Metropolitan Area Planning Commission," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 237–249.

[10] U.S. Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Hearings, Intergovernmental Cooperation Act of 1965*, 89th Cong., 1st sess., 1965, p. 288.

legislation should be reviewed to insure that it does not limit metropolitan planning to county governments but also permits planning by multijurisdictional agencies when a metropolitan area covers more than one county. To provide adequate policy guidance for metropolitan planning, the enabling legislation should also contain the other features proposed by the Commission. These provisions—advice to local governments, plan preparation, the review of local development controls and major facility plans—are intended to relate metropolitan planning closely to the decisionmaking of governments in the area. To further integrate metropolitan planning with the political process, it is desirable to include elected officials from local governments among the planning commission members. Where the metropolitan area covers more than one county, the Commission suggests that one or more representatives of the State government, as designated by the Governor, be included among the members.

11. ESTABLISHMENT OF A UNIT OF STATE GOVERNMENT FOR METROPOLITAN AREA AFFAIRS

The State should establish, or adopt an agency of the State government for continuing attention, review, and assistance to the metropolitan areas of the State and their problems of local government, planning, structure, organization, and finance.[11]

In 1959, the New York State Legislature, on the recommendation of Governor Rockefeller, established an office for local government within the executive department of the State. It contains an advisory board of nine members, including representatives of both the State and its local governments. This office was given responsibility to assist the Governor in coordinating State activities to provide more effective services to local governments and in formulating State policies related to local government; to serve as a clearinghouse of information on local government problems and State and Federal services available to cope with them; to give advice and assistance to local governments requesting it; to conduct research; to encourage cooperative efforts among local governments; and to help improve inservice training for local government employees.

At least 10 other States have now established State agencies for urban affairs to give continuing attention, review, and assistance on problems of local government finance, structure, organization, and planning, including Pennsylvania, Rhode Island, Alaska, Tennessee, Washington, California, Missouri, Illinois, New Jersey, and Colorado.

Pennsylvania has gone further than any other State to date, and even the Federal Department of Housing and Urban Development, by establishing a Cabinet level Department of Community Affairs in 1965 and transferring to it a number of operating programs and planning responsibilities.[12]

Among its responsibilities are:

To promote a comprehensive plan, or series of plans, for the proper future requirements of cities, boroughs, or townships of the Commonwealth; either separately or jointly;

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[11] See "Office of Local Affairs," ACIR 1966 *State Legislative Program* (Washington, D.C.: October 1965), pp. 353–356.

[12] Pennsylvania, S.B. 1444, 1965.

To conduct general research for various units of local government on problems affecting community affairs in the field of municipal administrative management, comprehensive planning, municipal forms of government, State-local relationships, fiscal procedures and generally do any and all things necessary as an aid to better local and area government and community development;

To coordinate and wherever provided by law to supervise or administer the various programs of State and Federal assistance and grants, including but not limited to housing, redevelopment, urban renewal, urban planning assistance, project 70, area development, revitalization of central city cores, mass transportation, river basin studies, port development, air and water pollution, land and soil conservation, economic opportunity, and public works and community facilities and Appalachian assistance; and to furnish comprehensive planning and technical assistance on any programs set forth in this subsection.

The new Department assumes the powers and duties exercised by the existing Bureau of Community Development in the Department of Commerce, the Bureau of Municipal Affairs in the Department of Internal Affairs, the Public Service Institute in the Department of Public Administration, and the local planning and development responsibilities of the State Planning Board.

12. ESTABLISHMENT OF A STATE PROGRAM OF FINANCIAL AND TECHNICAL ASSISTANCE TO METROPOLITAN AREAS

The States should take legislative and administrative action to establish a program of financial and technical assistance to metropolitan areas in such fields as urban planning, urban renewal, building code modernization, and local government and finance.

Although every State makes available certain kinds of financial and technical assistance to local governments, most State assistance is limited to single functions and individual governments. Some States, however, have made substantial moves toward assisting urban areas on an areawide, integrated basis. In Connecticut, New Jersey, Pennsylvania, and Tennessee, the State planning agency has played an important role in coordinating State services for metropolitan areas.

13. CONTROL OF SPECIAL DISTRICTS

The States should enact legislation providing for review of proposals for new special district governments by an agency representing the cities and counties within which the proposed district will operate.[13] The agency should be permitted to approve creation of the special district only if it finds that no unit of general local government or existing special district, acting singly or jointly, is willing and able to provide the service for which the new special district is proposed; and if it finds a need for this service. The decision of the agency should be subject to court review.

Further, the States should enact legislation to insure that the activities of special districts are coordinated with those of units of general

[13] See "Creation and Consolidation or Dissolution of Special Districts," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 421–434.

government.[14] Land acquisition by special districts should be subject to approval by the unit of general government where the land is located, with this approval subject to court review. Proposals for special district capital improvements should be submitted for prior comment to the unit of general local government where the improvement will be located. Where the special district performs a function that directly affects a State program, such approval and review of district activities should also be required by the agency responsible for the State program.

The Commission also recommends that States enact legislation requiring special districts to maintain budgets and accounts according to uniform procedures determined by an appropriate State agency. The State agency should be required to audit district accounts at regular intervals. Service charges and tolls levied by special districts which are not reviewed and approved by the governing body of a unit of general government, should be reviewed and approved by an appropriate State agency.

The States should also enact legislation providing a simple procedure for consolidating special districts performing the same or similar functions, and permitting an appropriate unit of general government to assume responsibility for the function of a special district.

14. Resolution of Disputes Among Local Units of Government in Metropolitan Areas

The Commission recommends State legislative or administrative action to facilitate use of the Governor's discretionary authority to resolve disputes among local governments in metropolitan areas which cannot be resolved locally by mutual agreement, are not of sufficient scope to warrant special legislative action, but which, in the determination of the Governor, are likely to impede the effective performance of governmental functions.

In the absence of areawide units of government, no authority exists short of the State for resolving disputes among counties or cities in metropolitan areas. Examples of disputes that might best be handled through gubernatorial action are boundary and annexation questions, conflicts between local governments and State agencies concerning highway routes, and conflicts growing out of overlapping zoning and building regulations imposed on the same area by two or more local governments.

Federal Urban Development Programs

In reviewing the metropolitan impact of Federal aid programs, the Commission identified 43 Federal programs (by 1966 there were at least 70) that support the physical development of urban areas.[15] These include Federal aids for housing, transportation, urban planning, open space acquisition, urban renewal, public works, hospitals, schools, airports, waste treatment, conservation, and recreation. The

[14] See "Supervision of Special District Activity," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 411–420.

[15] ACIR, *Impact of Federal Urban Development Programs on Local Government Organization and Planning*, prepared in cooperation with the Subcommittee on Intergovernmental Relations, U.S. Senate (Washington: Government Printing Office, 1964).

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

plant discourages joint participation to take advantage of the economies of scale available in larger treatment plants.

As a general principle, any unit of government which can qualify for Federal aid singly should also be able to qualify when it joins with others.

3. In order for the States to assume their proper responsibilities for assisting and facilitating urban development, the Commission recommends that Federal grants-in-aid to local governments for urban development be channeled through the States in cases where a State (*a*) provides appropriate administrative machinery to carry out relevant responsibilities, and (*b*) provides significant financial contributions and, when appropriate, technical assistance to the local governments concerned.[16]

Nearly half the Federal urban development programs require some degree of State supervision or involvement. State participation ranges from the direct involvement of State highway departments in planning and constructing interstate and primary highways, to a simple certification by State education agencies that the information submitted by local school boards applying for aid in federally impacted areas appears to be correct. State supervision in many cases can be exercised to aid coordination across local boundaries, if not between different types of aid. Thus federally aided projects for hospital facilities, sewage treatment plants, and highways must each conform to a State plan.

The two qualifications in the Commission's recommendation—suitable State administrative machinery and State financial assistance—are meant to encourage a more meaningful and effective role for the States in urban affairs, while avoiding useless rubber-stamp reviews. In order to encourage the States to provide financial and technical assistance to metropolitan areas, the Federal Government should take into full partnership those States willing to assume increased responsibilities.

4. The Congress and executive agencies should require and promote effective planning at the local level in all Federal aid programs significantly affecting urban development.

The Federal Government has an important stake in promoting sound planning related to the projects it finances. Investments in public works, hospitals, and highways are most effective when the aided project is part of a planned system of facilities. Comprehensive urban planning is not limited to a single function, such as highways, but covers all major aspects of urban development: land use and regulation, population distribution, transportation, and the timing and location of major public investments in capital facilities. The area covered by a plan may be a single city or town or a larger region, such as a metropolitan area or a State. In addition to technical studies—population projections, economic analyses, traffic forecasts—planning involves a concomitant process of governmental (and private) consultation and decisionmaking based on the background studies and projections.

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[16] See "State Financial Assistance and Channelization of Federal Grant Programs for Urban Development," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 226–236.

For the most effective use of Federal aid in metropolitan developments, projects should be consistent with comprehensive plans rather than single-function plans, and the plans should cover the entire metropolitan area. Hospital construction can be planned best, for example, if a hospital project is not only coordinated with other hospital construction, but also with the anticipated distribution of population and with the network of highways and public transportation serving the site that is chosen.

Most Federal urban development programs require some form of planning, but generally it is special-purpose planning for the specific program only. Only a handful of programs require or encourage comprehensive planning on a metropolitan basis. Several of the more recent ones contain these provisions, and additional encouragement for such planning is likely in future Federal programs. The Urban Mass Transportation Act of 1964, for example, specifies that grants can be made only to carry out a program "for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area." And the 1965 amendments to the Federal Water Pollution Control Act authorize an additional 10 percent grant for sewage treatment plant projects that are certified by an official State, regional, or metropolitan planning agency as being in conformity with a comprehensive plan of development.

Metropolitan planning for coordinated urban development offers great promise both for dealing with many areawide problems and for the efficient administration of Federal aid programs. The Commission accordingly has recommended that local applications for Federal aid under the major urban development programs be submitted for prior review, but not necessarily approval, to an official metropolitan planning agency. A Federal requirement to this effect would provide powerful incentives to establish metropolitan planning in areas where it does not yet exist. It would greatly strengthen the position of metropolitan planning by requiring additional involvement with local development proposals and by bringing it into the important channel between local governments and Washington. At the same time metropolitan planning agencies can provide the Federal Government with a useful level of information and review close to the local scene but with an areawide perspective.

5. The Commission recommends that the Congress enact legislation to establish the principle of Federal interagency coordination in the full range of programs affecting urban development; and that the executive branch of the Federal Government implement the congressionally stated principle by preparing and adopting a unified urban development policy establishing coordinating procedures.

The number and complexity of Federal urban development programs has created formidable problems of coordination within the Federal Government. Working relationships among different Federal agencies administering related programs have been established in several ways: by legislation, by Presidential direction, by formal interagency agreement, and by informal agreements. Informal relationships between agencies and departments, and between major component units within the larger agencies and departments, are by far the most common. These cover about two-thirds of the programs.

About one-quarter operate under formal interagency agreements for sharing review responsibilities for plans or projects, and slightly more than one-quarter have legislatively established working relationships. Less than one-fifth have working relationships established by formal Presidential policy. There is no evidence of any general urban development policy for coordinating all Federal programs in the field.

Congressional action should state a basic urban development objective and make it the unifying principle applicable to all Federal programs affecting urban development. The statement should incorporate desirable objectives of individual programs that have stood the test of time, political consensus, and administrative workability. In addition, individual programs should state the positive objective of helping to fulfill the locally prepared and adopted development plans for urban areas.

Federal measures to unify policy and administration of programs can be illustrated in the field of water resource development, where administrative responsibility is distributed among a number of departments and agencies. Congress has taken action in the Flood Control Act, the River and Harbor Act, and the Fish and Wildlife Coordination Act, among others, to direct that interagency coordination take place before the approval of projects.

The interagency water resource policy appears in many respects to set a useful precedent for a unified urban development policy. It establishes planning objectives in terms of physical and economic development, natural resource preservation, and the well-being of people. It establishes planning policies and procedures under the headings of (*a*) National, regional, State, and local viewpoints, (*b*) multiple-purpose planning, (*c*) river basin planning, (*d*) individual project planning, (*e*) coordination within the Federal Government and with non-Federal interests, and (*f*) relation to existing law and Executive orders. It establishes functional standards for water resource planning. Finally, it requires that plans and project proposals comply with the objectives, policies, and standards thus established. More recently, culminating nearly 30 years of interagency efforts, an interagency coordination, policy affecting water and related land resources was promulgated.[17] It is a combination of a formal interagency agreement, a presidentially approved interagency coordination policy, and a legislatively established policy which provides not only unified policy guidelines for all water projects but also specific interagency review procedures.

The Bureau of the Budget, on behalf of the President, reviews water resources programs and projects for compliance.

Sharing Responsibilities for Water Supply and Sewage Disposal

The above recommendations are directed at general improvements in the ability of governments to handle urban problems. The resources of the federal system need to be marshaled in slightly different ways to cope with particular service problems rather than general structural

[17] U.S. President's Water Resources Council, "Policies, Standards, and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources," S. Doc. 97, 87th Cong., 2d sess. (Washington: U.S. Government Printing Office, 1962).

goals. The closely related urban functions of water supply and sewage disposal, described in chapter 4, have many intergovernmental ramifications. As a result, they serve as a useful illustration of the specific measures that can be taken to deal with problems of urban services.

1. INCREASED LOCAL INVESTMENTS FOR SEWAGE TREATMENT FACILITIES

The Commission recommends that public officials in urban areas make greater efforts to increase public investments in urban water facilities, particularly for sewage treatment.

Sewage treatment and water quality are more pressing problems than water supply and distribution. The failure of a community or industry to treat wastes usually burdens others, while an inadequate water supply directly affects the welfare of the community or industry itself.

In most instances the failure to invest in water and sewer utilities, particularly sewage treatment facilities, is not the result of such factors as legal restrictions on the community's ability to float bonds or increase taxes. Instead it is a product of the unwillingness of the localities to spend money. This unwillingness is a product of apathy, dislike of new taxes, and competing demands on the public and private dollar.

2. CENTRAL CITIES' RESPONSIBILITY FOR COMPREHENSIVE AREAWIDE UTILITY PLANNING

Where central cities, counties, and other jurisdictions provide water or sewer service to other units of government on a contract basis, they should assume the responsibility for comprehensive areawide facility planning. In addition, these jurisdictions should encourage the most economical development of service lines to the contracting areas. Supplier-buyer relationships between municipality and suburb might be eased through provision for suburban representation on water and sewer policy agencies.

Only occasionally does the central city value regional considerations over its own economic interests. Fear of aggravating the Lake Erie pollution caused by inadequate sewage treatment in the suburbs led Cleveland to ban extending water services to suburban developments not also served by sewage disposal systems. A few central cities, such as Nashville and Seattle, which provide water for nearly the entire metropolitan area, have engaged in long-range planning on a metropolitan basis and have avoided many of the shortcomings found in other areas where contracting is prevalent.

3. COMPREHENSIVE PLANNING FOR INTEGRATING WATER AND SEWER SERVICE PLANS WITH OTHER METROPOLITAN FUNCTIONS AND COORDINATED POLICYMAKING BY ELECTED OFFICIALS IN MEETING AREA WATER AND SEWER NEEDS

Comprehensive water utility planning, based on the metropolitan area as well as on watersheds and drainage basins, should be undertaken in each metropolitan area. This planning should integrate the provision of water and sewer services with other metropolitan functions, insure economies of scale, and promote sound overall patterns

of metropolitan development. Full use should be made of water and sewage planning and development as a basic tool for directing overall urban expansion along desirable and orderly lines. Primary responsibility for this function is best lodged in an areawide comprehensive planning agency. The metropolitan planning agency should tie together the technical planning efforts of the various local, regional, State, and Federal agencies whose activities affect urban water supply and waste disposal. Local units of government should coordinate utility policymaking on a regional basis, regardless of the number of operating agencies in the metropolitan area.

The creation of an operating metropolitan utility does not of itself guarantee adequate planning. Metropolitan water and sewer agencies staffed solely by engineers, as many are, are likely to concentrate on utility-oriented planning and to ignore broader questions of urban development. Usually it is not possible for a single-function metropolitan water or sewer agency to undertake comprehensive planning, and it should not be necessary. The metropolitan planning agency should have primary responsibility for urban development planning and for relating utility plans, developed by the technical staff of the water agency, to overall metropolitan plans.

4. ESTABLISHMENT OF A UNIT OF STATE GOVERNMENT FOR OVERALL STATE WATER RESOURCE PLANNING AND POLICYMAKING

The Commission recommends that States enact legislation giving responsibility for overall State water resource planning, policymaking, and program coordination to a single agency.[18] State water resource planning and policy development should give urgent consideration to the requirements and problems of urban areas. Each State also should insure that the interests of its urban areas are included in the State's representation on interstate water agencies.

Arrangements developed in recent years in Maryland, New York, North Carolina, and Connecticut give a State water resources agency primary responsibility for planning and policymaking for all phases of water development, with the State health department retaining its traditional role in those areas where it possesses technical capabilities. This approach offers the best opportunity for improving the administration of State water functions. California and New Jersey have also developed strong water resource agencies with powers over a wide range of water activities, which may serve as models for other States.

5. ENFORCEMENT OF WATER POLLUTION AND PUBLIC HEALTH LEGISLATION BY THE STATES

The Commission recommends that the States enforce water pollution legislation and regulations affecting public health and recreation, and municipal, industrial, and other uses with greater vigor and thoroughness. Specifically, it recommends: (*a*) strengthened legislation to permit States, singly and jointly, to control and abate pollution of rivers and streams; (*b*) more vigorous administration of State

[18] See "State Water Resource Planning and Coordination Act," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 360–367.

water pollution control programs, including adequate financial support; and (*c*) legislation giving appropriate State and local agencies regulatory authority over individual wells and septic tank installations, with a view to minimizing their use and limiting it to exceptional situations.[19] To insure that cooperative techniques in enforcement of water pollution control programs do not become facades for delay and inaction, the State legislatures should provide time limits for each step in the enforcement procedures.

Substandard enforcement can be explained in part by the failure of the State legislatures to appropriate adequate funds, the lack of trained personnel to enforce water quality regulations, lack of follow-through in the supervision, operation, and maintenance of waste treatment plants after construction, and insufficient data on the costs and benefits of pollution abatement.

Much more important, however, are political factors in most States. The politics of pollution control involve high stakes, particularly for the municipal and industrial users who must bear the brunt of providing adequate treatment facilities. State water pollution control agencies are faced with the difficult task of balancing these interests, which normally possess considerable political influence at the State capital, against the interests of those who favor or are likely to benefit from improved water quality. The lack of precise economic guidelines on the cost of pollution and the economic benefits resulting from improved water quality increase the likelihood of basing State decisions largely on relative political influence. The obvious general benefits to health, recreation, conservation, property values, and general development usually do not generate concerted political activity. Further, these benefits offer few incentives to those directly responsible for pollution, particularly industrial water users, since the benefits do not accrue primarily to those who must make the necessary investments to improve water quality.

The compacts establishing the Interstate Sanitary Commission (with jurisdiction over New York Harbor), the Ohio River Valley Water Sanitation Commission, and the Tennessee River Basin Water Pollution Control Commission empower these interstate agencies to coordinate State programs, investigate pollution, conduct hearings, and issue orders to stop pollution. These compacts may serve as appropriate models for other States with major interstate waterways that serve highly urbanized areas.

Suggested legislation has been developed to establish a framework within which the necessary planning and regulation for the development of water and sewerage systems can be undertaken. It provides for the development of official community plans delineating the areas within which community systems must be provided, the areas where individual wells and septic tanks can be used on an interim basis, and the areas where individual systems are generally permissible. Once a plan is approved by the State health authority, no individual or community water supply or sewage systems can be installed in the area covered by the plan unless they are consistent with the plan and no State or local agency can grant building permits or approve subdivision

[19] See "Control of Urban Water Supply and Sewerage Systems," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 174–220.

plats unless the water supply and sewage facilities provisions conform to the plan.

6. STATE FINANCIAL AND TECHNICAL ASSISTANCE AND INCENTIVES FOR COMPREHENSIVE DEVELOPMENT OF FACILITIES PLANNING AND CONSTRUCTION

The Commission recommends State legislation to (*a*) provide grants for capital development, supplementing Federal aid;[20] (*b*) provide incentives for comprehensive development and appropriate organization on watershed, drainage basin, or metropolitan area bases[21] with sufficient discretionary authority vested in the State administrators to discourage uneconomical investment in water and sewer utilities; (*c*) expand State technical assistance programs for waste disposal planning and construction; (*d*) liberalize debt limits and referenda requirements for water and sewage facility financing;[22] and (*e*) permit joint action by units of local government in meeting area water and sewage needs.[23]

The most fruitful approaches to the problem of inadequate local investment are the provision of incentives in the form of matching grants from the State and Federal governments, more rigorous State and Federal enforcement of public health and pollution control requirements, and improved service area organizations offering economies of scale.

Other State activities that might be undertaken to insure adequate long-term urban water supplies include use of State loans or grants for urban water projects and support for efforts aimed at solving urban water problems in a comprehensive and coordinated manner; provision of improved and expanded water supply technical services by the State to urban areas; State support or stimulation of planning and research, including economic and demographic studies, and wide dissemination of the findings; the extension or development of State technical engineering services for the development of regional, basinwide or statewide surveys to establish future water needs and to provide a broad framework for cooperative development of water sources and transmission facilities to urban centers. State participation and assistance is justified when the local jurisdictions involved cannot agree on solutions for providing water services. State programs should provide incentives for comprehensive development of waste treatment facilities and should insure against uneconomical investment in small community facilities. New York's recently enacted State sewage treatment program is one of the few that recognizes comprehensiveness as a criterion in the administration of sewage treatment grants.

State development of urban water sources is best illustrated in New Jersey and California. Other States are likely to expand their water

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[20] See "State Financial Assistance and Channelization of Federal Grant Programs for Urban Development," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 226–236.

[21] A suggested State act, "State Assistance for Interlocal Cooperation," providing for increasing the share of State financial assistance for joint projects is included in the ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 357–359.

[22] A suggested State constitutional amendment and implementing act to allow contracting of debts for public works subject only to a permissive referendum decided by a simple majority, is included in the ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 84–98.

[23] See "Interlocal Contracting and Joint Enterprises," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 398–406.

resource activities in this way because of scarcity of supply, population growth, competition for types of water use, and the urbanization of all or large parts of States. Experience in New Jersey and California suggests that when the State develops water supplies, the urban areas are willing to relinquish considerable control over their individual water supplies in return for the benefits of the State's greater capability for planning and financing a comprehensive program.

7. PROMOTION OF METROPOLITANWIDE PLANNING AND DEVELOPMENT OF SEWAGE TREATMENT FACILITIES

The Commission recommends that Federal grants for sewage treatment plant construction be consistent with comprehensive drainage basin and metropolitan area planning, and that existing programs be amended to provide an additional matching incentive for the development of sewage disposal systems on a regional or major subregional basis. The Water Quality Act of 1965 includes a provision permitting the increase of basic grants for sewage treatment plants by 10 percent if the project conforms to a comprehensive plan for the metropolitan area.

8. DISCOURAGE FRAGMENTATION AND SHORT-TERM ANTICIPATION OF NEEDS IN COMMUNITY WATER SUPPLY SYSTEMS AND ENCOURAGE AREAWIDE PLANNING AND DEVELOPMENT OF WATER AND SEWERAGE SYSTEMS

The Commission recommends that the Congress amend the statutory authority for the public facility loans program of the Housing and Home Finance Agency to permit (*a*) communities of 50,000 population or more to qualify for sewer and water project loans, and (*b*) the joining together of communities with an aggregate population exceeding 50,000 for purposes of such loan assistance.

The present 50,000 population limitation of the Public Facilities Act has several major disadvantages. First, it directly discriminates against communities of 50,000 population or more by not permitting them to receive public facility loans. Second, it encourages fragmentation, duplication, and inadequate long-term facilities by prohibiting bond action by a number of communities within a metropolitan area to meet water and sewer needs. For example, several communities each having a population of less than 50,000 may desire to join together to provide a water or sewerage disposal system. Individually, each of the communities would be eligible for loan assistance under the public facility loans program, but when acting jointly (through the establishment of an instrumentality serving the entire area) they would be ineligible for Federal loan assistance because their aggregate population exceeded 50,000.

This limitation, while still in the legislation, is of less significance with the passage of the Housing and Urban Development Act of 1965 which adds authorization for a new grant program for water supply facilities to the existing grant program for sewer facilities. The new grant program has no population limits and requires construction to meet foreseeable growth needs.

Sound areawide planning and development of domestic water supply and sewerage systems is essential to assure the availability of an

adequate supply of safe water, and to encourage economical and orderly development of land for residential, industrial, and other purposes since the type and location of water and sewerage facilities is a critical determinant of land use. The suggested act, referred to on page 144 above, provides a framework for such planning by communities and relates the planning process to an enforcement program.

9. USE OF FEDERAL ENFORCEMENT AND FEDERAL INCENTIVES FOR INDUSTRIAL POLLUTION ABATEMENT

Strong Federal enforcement powers and financial incentives, or both, are needed for industrial pollution abatement. The Commission recommends that the President direct the appropriate Federal departments and agencies to evaluate present enforcement powers and financial incentives in order to determine how their effectiveness may be improved through changes in procedures, policy, or statutory revision, and to determine the roles of State and local governments in such a program. A report on the use of industrial incentives for pollution control prepared for the Public Health Service, reviews, describes, and evaluates present practices and possible approaches for Federal and State governments.[24]

Federal water quality control activities are extremely important to the continued effectiveness of State and local pollution abatement programs. The underlying objectives of Federal research and enforcement efforts—to strengthen State water prorgams so that problems can be resolved without Federal intervention—is sound. The Federal role is vital if States and localities are not to be penalized, particularly by industry, for developing and enforcing effective water quality programs.

It may be fruitful also to explore the possibility of a Federal tax based on water use, more particularly on the quantity of pollution it carries into the rivers and streams, with the proceeds of such a tax used to finance part of the cost of water pollution control. Closely related is the question of whether to offer special corporate income tax treatment of business investment in pollution control facilities. A number of States (Arkansas, Maine, Massachusetts, New Hampshire, North Carolina, Vermont, Virginia, Wisconsin) currently provide tax benefits for industrial pollution control. A somewhat different approach for use of Federal taxes to foster investment in waste treatment facilities has been offered by Marion Clawson and Irving K. Fox; they recommend a Federal tax on all municipal and industrial water with tax rebates commensurate with city or industry funds spent on pollution abatement or control.[25]

10. RECOGNITION OF WATER SUPPLY REQUIREMENTS IN FEDERAL WATER PROGRAMS

Future Federal water resources planning and development should give as much attention to urban needs as to other water requirements.

[24] U.S. Public Health Service, *Industrial Incentives for Water Pollution Abatement* (Washington: U.S. Department of Health, Education, and Welfare, 1965).
[25] Marion Clawson and Irving K. Fox, *Your Investment in Land and Water* (Washington: Resources for the Future, 1961), p. 20.

National policies for urban water supply and pollution control must change to meet the impact of population growth, increased per capita consumption, and industrial use. A comprehensive and well-understood national goal for urban water supply and sewage disposal is needed, within which gaps in programs can be filled and individual activities coordinated. A national policy should be established by the President and the Congress covering the provision of adequate water supply and pollution control in a broad framework of promoting sound development of the Nation's urban areas, including assistance to State and local governments to accomplish this purpose.

An important Federal responsibility, in cooperation with the States, is the development of comprehensive river basin policies that will give full consideration to urban needs. Federal activity has been crucial to comprehensive multipurpose river basin development in the past; it is likely to remain so in the future. The Federal Government should insure that water resource planning and development by each of its water agencies, and on each river basin in which the Federal Government has an immediate interest, take into account the needs of urban areas as well as the needs of agriculture, power production, industry, recreation, fish, and wildlife.

The Water Supply Act of 1958 was a major step forward in recognizing Federal responsibility to help meet urban water supply requirements. It provides authority for the Corps of Engineers and the Bureau of Reclamation to include municipal and industrial water supply capacity in reservoirs under their jurisdiction to meet immediate and anticipated future demands. The Water Resources Planning Act of 1965 establishes a Federal Water Resources Council and provides a procedure for establishing river basin commissions to develop plans on a comprehensive and coordinated basis for the optimum use of water and related land resources. The Council is to review plans with special regard to the effect "on the achievement of other programs for the development of agriculture, urban, energy, industrial, recreational, fish and wildlife, and other resources of the entire Nation." Senate Document No. 97, 87th Congress, 2d session, May 24, 1962, which was prepared under the direction of the President's Water Resources Council (the predecessor of the statutory council), establishes executive branch policies and standards for Federal water resource projects which emphasize comprehensive, multiple-purpose planning and development with concurrent provision for the various uses including municipal water supply.

Another important Federal responsibility is a strengthened program of assistance to States for assuring adequate long-term urban water supplies. This program of technical assistance would supplement the traditional Federal-State relationships that already exist in water quality programs. To accomplish this objective, the appropriate Federal departments and agencies should aid States and interstate agencies in planning for the development and use of water resources for domestic, municipal, and industrial purposes. The States should be able to tap the extensive facilities, technical knowledge, and trained personnel of the various Federal agencies for help in developing new methods, improved technology, and economic research to meet the problems of water supply and quality for urban areas.

Relocation of People and Businesses Displaced by Government

At present, as described in chapter IV, the financial aid and services available to people and businesses displaced by public projects vary greatly depending on the program causing the displacement and the level of government with primary responsibility for the program. The recommendations of the Commission provide another illustration of methods to attain coordinated and equitable approaches to problems arising from actions by all levels of government.

1. UNIFORMITY OF FEDERAL AND STATE RELOCATION ADVISORY ASSISTANCE AND PAYMENTS

The Commission recommends that the Congress establish and executive agencies implement a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by grant-in-aid or direct Federal programs and that States similarly establish and implement a uniform policy.[26]

The most dramatic instances of the effects of inconsistencies in relocation assistance provisions occur in urban areas where different Federal programs displace neighboring properties. Relocation payments may range all the way from total actual moving expenses for a business owner who is displaced by a federally aided renewal project, to no payment at all for a homeowner whose property is taken by the General Services Administration for an office building. Similar variations exist with respect to advisory assistance given to displacees. These deficiencies are most serious in urban areas where property takings most frequently displace those in need of assistance—low income and underprivileged groups, the elderly, and the marginal small businessmen. The social and economic side effects of displacement bring such federally aided programs as housing, public assistance, employment security, and Small Business Administration assistance into play. These other programs would be better able to serve displaced persons and businesses if the programs causing displacement followed consistent relocation policies.

A uniform policy of relocation payments should take account of the various types of expenses incurred by those displaced. For families and individuals these include the cost of moving household and personal effects, miscellaneous expenses such as utilities connection and disconnection, and advance payments of rent. For businesses that can move to a new location and continue to function as before, relocation costs involve the interruption of business operations, looking for a new location, moving, and settling in the new location. Those that are forced to close down—mainly small retail or service businesses that depend on a neighborhood trade—suffer loss of the "going concern value" of their business and may incur the cost of temporary unemployment and retraining—the cost of developing a new livelihood.

Advisory assistance is essential to help displacees meet the costs of displacement—tangible and intangible. Such assistance is particularly needed by the poor, minority groups, the elderly, and the small businessmen who are most disrupted by a forced move. To help own-

[26] See "Uniform Relocation Assistance," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 263–274.

ers of small businesses make a satisfactory adjustment requires heavy emphasis on advice, counseling, perhaps special assistance in financing a new operation, and if the owner does not wish to stay in business other types of assistance to help him earn a living in some other occupation.

The same reasons cited for supporting consistency among Federal programs apply equally to State-local programs. The few States that have adopted relocation compensation through broadening of the eminent domain law have achieved uniformity for displacements caused by real property acquisitions. However, these laws do not apply to code enforcement displacement nor do they, with few exceptions, provide for relocation advisory assistance. The Commission believes that States should broaden their laws to apply to all types of displacing action conducted by State and local agencies and should include relocation advisory assistance as well. While displacements caused by State activities other than highways are relatively limited, where they do occur persons and businesses affected should also receive adequate payments and assistance. The same applies to local government displacements and they are usually more substantial—in code enforcement procedures, for example.

2. ASSIGNMENT OF RESPONSIBILITY FOR DETERMINING RELOCATION PAYMENTS

The Commission recommends that Congress and State legislatures assign to administrative agencies responsibility for determining the amount of relocation payments, subject to specific statutory maximums.[27]

Two general legislative approaches have been used in the United States to authorize compensation for incidental damages suffered as a result of forcible takings of real property by government. The first used by the Federal Government and such States as New York, Massachusetts, and Ohio gives responsibility to administrative agencies to determine payments within statutory specifications as to compensable items and maximum allowable payments. The second approach used by such States as Wisconsin, Maryland, and Pennsylvania works through a broadening of the eminent domain law by specifying items of incidental damages that are to be included within the context of fair market value and awarding just compensation for property taken.

Basically the difference between the two approaches is that the first is essentially an administrative procedure in which final determination of compensable cost is made by administrative officials within the statutes. The second, on the other hand, adheres to the eminent domain concept and gives the condemned the access to the courts for determining the equity of the condemnors offer if the condemnee is not satisfied with that offer.

On balance, the Commission concludes that in the interest of (*a*) expeditious handling of relocation claims, (*b*) effective provisions of an overall system of relocation assistance including advice as well as compensation, and (*c*) the needs of those most urgently requiring relocation help, responsibility for determining relocation payments

[27] *Ibid.*

should be vested in an administrative agency subject to maximums established by statute.

3. ASSURANCE OF AVAILABILITY OF STANDARD HOUSING UNDER FEDERAL AND STATE GRANT-IN-AID PROGRAMS

The Commission recommends that the Congress require State and local governments administering Federal grant-in-aid programs, before proceeding with any property acquisition that displaces people, to assure that there is a method for temporary relocation and that standard housing in sufficient quantities in a comparable location, within their financial means are or will be available, and that the States enact legislation with a similar requirement for State and local agencies.[28]

A joint survey by the Advisory Commission on Intergovernmental Relations and the U.S. Conference of Mayors found that inadequate supply of housing, both public and private, is the single most important obstacle to expeditious relocation of displaced families and individuals. At the present time, only the programs administered by the Department of Housing and Urban Development—federally aided urban renewal, public housing, neighborhood facilities, open space, code enforcement, and mass transportation—require that localities provide a feasible method for temporary relocation of families and individuals and assure that there are or are being provided the necessary number of standard housing units to meet the needs of displacees. States under the Federal-Aid Highway Act are required to help families find housing, but there is no requirement that housing be assured as a condition of payment of grant funds.

Assurance of standard housing is uniquely germane to the purposes of urban renewal and public housing programs as it is not to other Federal grant programs. Also, it is true that persons displaced may presently be living in substandard housing and that assuring a standard housing supply requires many types of public and private action governing the total supply of housing. However, the Commission believes the goal of providing standard housing for all is of such preeminent importance that its availability should be assured even if it means a delay in a federally aided project. Establishing this requirement for all Federal grant programs would probably, in fact, furnish a stimulus to the elimination of substandard housing. States as well as the Federal Government should use the relocation process to achieve the goal of standard housing for all even if by doing so, progress on public improvements is occasionally temporarily postponed.

4. FINANCING THE RELOCATION COSTS OF FEDERAL GRANT-IN-AID PROGRAMS

The Commission recommends that under Federal grant-in-aid programs the full cost of payments to any persons for relocating a family and the cost of payments up to $25,000 to any person relocating a business be completely reimbursed by the Federal Government; and that the cost of business relocation payments in excess of that amount be shared on the basis of the cost-sharing formula governing the particu-

[28] *Ibid.*

lar grant program. The States should share in local governments' cost of providing relocation payments and services when such costs are incurred in programs for which localities receive State grants or Federal grants to which the State contributed part of the local share. The State share should be the same as that provided by the State grant formula for the aided program.

The Commission believes that the need for assuring adequate relocation payments is so urgent, particularly in the major Federal grant-in-aid programs that cause most displacements—urban renewal and highways—that it is in the national interest to assure payment of at least a substantial amount of each displacee's total relocation cost. It would be desirable in the Commission's opinion that the cost of individual payments above $25,000 be shared with the State and local governments. The Commission believes this policy would reasonably accomplish the twin goals of assuring substantial payment of the total relocation costs of those displaced by Federal grant-in-aid programs and providing some State and local participation in financing as well as administering the partnership programs.

The Commission believes that where the local project is one conducted under a State grant-in-aid program the cost of relocation payments and administration of advisory services should be reimbursable by the State on the same basis as the aid distribution formula. Costs of relocation are charges against a program as legitimate as, for example, cost of building a sewage treatment plant or a highway. Further, where localities receive direct grants-in-aid from the Federal Government, States should share in the non-Federal portion of the cost including relocation expenses.

5. MODIFICATION OF THE SMALL BUSINESS ADMINISTRATION DISASTER LOAN PROGRAM

The Commission recommends that the Small Business Administration Act be broadened to authorize disaster loans both to small business concerns suffering substantial economic injury and to those adversely affected but not actually displaced as a result of a construction program conducted by State and local governments.

Since 1961 the Small Business Administration has been authorized to make loans under its disaster loan program to small business concerns displaced by Federal and federally aided programs. The law should be amended to permit loans to small businesses displaced by local and State activities as well. Under the present law, small businesses that may be adversely affected though not actually displaced are not entitled to low interest disaster loans. Damages suffered by these businesses are not less traceable to governmental action than actual displacement, and the Commission believes they should be entitled to small business loans on disaster terms.

6. EXTENDING ELIGIBILITY FOR MANPOWER TRAINING ALLOWANCES

The Commission recommends that Congress amend the Manpower Development and Training Act to permit widow and widower owners of displaced firms to be eligible for manpower training allowances.

Many small displaced businesses are owner operated. Because many owners have operated marginal businesses and do not have the

resources or the spirit to re-establish themselves, their only chance of sustaining themselves without resorting to public assistance is to find other employment. Under the Federal Manpower Development and Training Act heads of households are eligible to receive training allowances for up to 52 weeks while training to acquire a new skill. Widows and widowers are usually not eligible since they are rarely heads of households. Manpower retraining allowance would be of substantial assistance in enabling them to prepare themselves for their new occupation and thereby remain self-sustaining citizens.

7. CENTRALIZATION OF RESPONSIBILITY FOR RELOCATION IN URBAN AREAS

Federal, State, and local governments should authorize and encourage all agencies causing displacements in urban areas to centralize responsibility for all aspects of relocation programs in a single agency which is part of the regular administrative organization in each major urban jurisdiction.[29]

Several existing programs either require or authorize coordination of relocation activities. The National Housing Act requires coordination of urban renewal relocation with other project activities and governmental actions in the communities which may affect the relocation program. The workable program of the Housing and Urban Development Department encourages localities to designate one agency to coordinate or centralize planning, relocation assistance, and action designed to make standard housing available for families displaced by all types of governmental action. The 1962 Federal-Aid Highway Act authorizes, and the Bureau of Public Roads encourages, States to contract to provide highway relocation services.

Experience of local relocation agencies point strongly toward the desirability of having a single agency in each locality administer relocation planning, relocation payments, and provision of advisory assistance. Administration through a single agency would have the advantage of clear visibility for displacees—there would be less doubt about where to go for relocation assistance particularly in cases where different programs take adjoining properties. Governmental agencies would benefit from added expertise and economies of scale. Administration of social service programs, both public and private, would benefit from the resultant simplification of referrals.

8. JOINT PROGRAMS AND CONTRACTING

Cities in metropolitan areas with relocation staff and experience should offer to contract to provide relocation services and areawide studies of housing needs and resources for all local governments and agencies operating in the area and where necessary smaller units should undertake to provide such services and studies jointly.[30]

Certain aspects of the housing function are most effectively handled on an areawide basis. Most important of these is surveying housing needs and resources since the entire metropolitan area rather than an individual municipality constitutes the housing market. The munici-

[29] *Ibid.*

[30] See "Interlocal Contracting and Joint Enterprises," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 398–406.

pality just starting out on a program involving relocation can profit from studies already made by a neighbor with previous relocation experience. Municipalities can enjoy the benefits of economy of scale, ample experience, and expertise if they are able to contract with neighboring agencies to administer relocation.

9. TECHNICAL ASSISTANCE IN PLANNING FOR RELOCATION

States and regional organizations should assist local governments in planning for relocation through such means as technical assistance in preparation of workable programs in community renewal programs; where States make urban renewal capital grants, advances therefrom should be provided for relocation planning.[31]

The Commission believes that relocation is an area where States can be of substantial assistance because many localities, particularly the smaller ones, have a long way to go in providing effective relocation assistance. With continuing growth of metropolitan areas, regional bodies such as planning commissions, development councils, and councils of governments are being established as a means of assisting local governments in coordinating activities of mutual interest. Such regional units are also frequently in a good position to provide assistance to local governments of the area in planning for relocation.

10. EARLY NOTICE OF POSSIBLE DISPLACEMENTS

The Commission recommends that Federal and State Governments require their departments and agencies and special districts causing displacement to give advance notice at the earliest practicable time to local units of general government of any construction programs which will displace persons and businesses.

With advance notice, site occupants can arrange for new housing or new business establishments and the relocation agency can survey housing needs and resources and work with displacees who need assistance. Also, in making plans for relocation every relocation agency should be kept informed of the plans of other governmental programs causing displacement within its jurisdiction. Finally, State employment service offices should be notified of pending business displacements so that preparations can be made to ease the employment transition of these people. The centralization of relocation planning and assistance in a single agency in each locality as recommended above would provide machinery for routine coordination of information on displacement plans.

Social and Economic Disparities: Intergovernmental Responses

Social and economic disparities in metropolitan areas create more complex problems for intergovernmental action than the need for particular services, such as water supply and sewage disposal or the need for a uniform and equitable policy, such as that for relocation payments and services. These disparities have far-reaching consequences that can be alleviated only by action at all levels of government moving along several lines of concern at once. The Commission

[31] See "Uniform Relocation Assistance," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 263–274.

has recommended measures for Federal, State, and local governments in order to achieve three related objectives:

I. Promoting wider opportunities for individual choice and removing intergovernmental restrictions in such fields as urban housing and employment.

II. Adjusting governmental jurisdictions and responsibilities to facilitate more equitable and efficient administration of urban public services.

III. Modifying intergovernmental financial arrangements where there are significant local disparities in tax capacity within metropolitan areas.

1. PROMOTING WIDER CHOICE

1. The Commission recommends that each local governmental unit and agency within metropolitan areas analyze and give explicit recognition to economic and social disparities affecting its programs. Federal planning aids for urban development should specifically authorize and encourage economic and social policy planning for the community as a basic justification for physical planning.

Since there is so much variation in disparities from community to community, and since disparities change continuously, detailed study of the socioeconomic makeup of each community is the logical first step in identifying disparity problems and their implications for physical development plans and for public policy generally.

Such studies should ascertain the size and character of "dependent groups": children under 18, people 60 years or older, broken families with children, undereducated and inadequately trained adults and youth, occupationally obsolete and unemployed persons, and low-income families. It should, in addition, assess the constituency of more highly developed resources in the community: working-age groups, college graduates, high status and skilled occupations, and middle and upper income groups. Such studies as *The Changing Age Profile: Implications for Policy Planning in Metropolitan Washington*, recently completed by the Washington Center for Metropolitan Studies, are illustrative of what can be done.

In order to encourage local planning to give attention to all classes of housing and other physical facilities in relation to local needs, all Federal aid for the planning of relocation, urban renewal, community renewal, and the war on poverty, as well as for planning under the urban planning assistance program, should specifically authorize and positively encourage efforts to give adequate attention to social and economic disparity problems. All such planning should be areawide or at least meaningfully integrated with areawide plans.

Economic and social data are seldom used in depth in comprehensive planning for local governmental services, or used to develop broad social policies and related physical planning decisions. The situation is aggravated by such factors as inadequate funds, inadequately trained staff, timorous Federal insistence that aided studies be comprehensive in terms of people as well as physical resources, and belated recognition of this interrelationship in the planning profession itself.

The typical use of economic and population statistics is in aggregates which lump together all classes of people regardless of differences in race, education, income status, housing conditions, and other social

or economic factors. This approach is not sufficient for planning orderly urban development or renewal. For example, neither relocation planning nor the gathering of data that would make it possible are required by the public roads program. Although community renewal and antipoverty planning programs promise to make more detailed and discriminating use of social and economic data than has been typical of urban planning in the past, these programs will not penetrate all-important centers of metropolitan decisionmaking. They will, in fact, be largely limited to central cities or other localized jurisdictions where the worst urban blight and poverty exist. Since problems of health, recreation, relocation, and a host of other economic and social difficulties related to urban growth are not limited to such localities, planning for them should not be limited.

2. The Commission recommends State legislation to restrict zoning authority in metropolitan areas to larger municipalities and to county government and to require that such zoning authority be exercised in a manner to permit a wide range of housing prices within the area covered by each city or county.[32] The Commission also recommends that metropolitan planning agencies prepare plans and ordinances for adoption by individual local governments in the area, providing an appropriately wide range of housing prices.

Many local communities have been criticized for siphoning off lucrative types of development to increase their tax base, while excluding land uses likely to require more local expenditures to support than they would produce in tax revenue. For instance, the California cities of Emeryville, Vernon, Union City, Irwindale, Industry, and Commerce, are classic examples of cities devoted almost entirely to industry. It has been reported that Vernon, where over 70,000 people work but only 236 live, has an assessed valuation of about one-half million dollars per capita, affording a low tax rate for attracting new industry, in order to raise the assessed value and lower the tax rate even more.

The case of Vernon is extreme, but it differs only in degree from the widespread use of fiscal considerations as justification for local government development policies. This practice, known as fiscal zoning, is based primarily on the fact that most local governments depend quite heavily on real estate taxes to finance their programs.

Some other local governments seek to keep governmental costs at a minimum and protect existing rural surroundings by zoning exclusively for expensive homes on large lots. Elaborate relationships between housing costs, family incomes, number of schoolchildren, and other governmental services are figured in as arguments for or against zoning changes. Although zoning provisions requiring that buildings cost a minimum amount have been declared unconstitutional exercises of police power, fiscal reasoning is frequently disguised or not officially recognized as justification for zoning that is actually designed to carry out fiscal policy. The extent to which fiscal zoning is effective in creating or reinforcing socioeconomic disparities has not been statistically tabulated, but fiscal zoning has been documented in many cases and is certainly an important intergovernmental problem.

[32] See "County Powers in Relation to Local Planning and Zoning Actions," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 250–262.

The tendency toward fiscal zoning sharply points up the need for some type of regional or metropolitan planning in order that courts may have a standard against which to measure legislative determinations dealing with exclusion of land uses. For fiscal reasons, every jurisdiction would exclude low-cost housing and seek to attract high value commercial and industrial development. But this kind of policy would lead to a large number of jobs without providing housing for the employees. As long as each community has its own zoning and land use control without reference to its neighbors and to the urban area as a whole, fiscal competition will continue to be attractive to local political leadership, thus aggravating disparities already apparent.

For local government to act responsibly, its units must be large enough to consider issues in a broad social context and to balance the needs of diverse groups of people. Small municipalities often fall in the special interest category and may, indeed, have incorporated specifically to gain or protect a specially advantageous fiscal position. Larger municipalities and counties, in contrast, usually represent a diversity of viewpoints which make fiscal zoning objectves less dominant. Thus, reservation by the State legislature of zoning authority to large municapilities or counties would reduce the ability of the small, special-interest municipalities to practice fiscal zoning.

Some States have already taken steps to remove or modify the zoning powers of small local governments in the interests of more effective planning for a larger area and discouraging fiscal zoning practices. The State of Kentucky in 1964 removed the zoning power entirely from municipalities under 1,000 population; and in Indiana a single metropolitan planning commisson and board of zoning appeals has been established and all local boards abolished in the Indianapolis-Marion County metropolitan area. The State of New York in 1960 provided for county review of local development actions of county-wide significance. Connecticut has provided for similar review of certain town zoning decisions by the regional planning agency.

Metropolitan planning should include areawide housing plans as a guide to determining essential needs for housing of different types and different income levels. Metropolitan planning agencies should study and encourage the use of zoning categories which are favorable to the various types of housing required, especially low-income housing which the market cannot provide adequately without special encouragement. These activities are generally already within the scope of metropolitan planning agency responsibilities and would require no new legislation. Most metropolitan planning agencies have prepared residential plans, but information is not available to indicate whether such plans consider housing costs. General impressions are that they do not. Metropolitan planning data dealing with housing costs could be used by the courts in judging the appropriateness of zoning exclusions in local communities within metropolitan areas.

3. The Commission recommends (*a*) State legislation authorizing the adoption of uniform housing, building, zoning, and platting codes within metropolitan areas,[38] and (*b*) action by local governments to utilize such authority.

[38] See "Adoption of Model Uniform Codes by Reference," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 286–290.

Many rural and suburban communities, whether incorporated or not, lack adequate building, housing, zoning, and subdivision controls. On the other hand, when such regulations are enacted in the suburbs, they are frequently different from those in the central city and from those in other suburbs. These differences put a burden on housing developers who operate in several jurisdictions. Many housing, building, zoning, and platting codes are also out of date and require types of development which are more expensive than necessary. Regulations which are uniform from one jurisdiction to another within an urban area would eliminate unnecessary obstacles to homebuilding, increase the coverage, and allow more expert application of reasonable requirements. It has been estimated that modernized building codes alone can often reduce building costs by $1,000 per house, while assuring safe and sound construction.

The need for uniform zoning and subdivision standards hinges not only on the need to assure adequate protection to home buyers, but also on the tendency for these standards to be used for purposes of excluding lower income persons from a community. Thus, zoning sometimes has required minimum lot sizes to be very large for all subdivisions within a certain jurisdiction, and platting regulations have established excessive improvement standards over and above those necessary, thereby tending to restrict housing to upper-income groups.

Municipal and county codes should be administered jointly wherever possible to assure uniform application of their provisions. This could be accomplished through interlocal contracting or the voluntary transfer of functions between cities and counties, two devices suitable for a variety of uses in metropolitan areas.

County governments should enact uniform codes to apply within unincorporated areas, and metropolitan planning agencies or councils of governments within multijurisdictional metropolitan areas should actively encourage all the municipalities and counties involved to cooperate in the enactment of uniform codes. States can facilitate the use of accepted model codes by enacting enabling legislation for their adoption by reference, thereby removing the necessity of official verbatim printings and publication of lengthy codes at several stages during the formal approval procedure.

Another way of encouraging uniform housing and building codes has been demonstrated in those States which have adopted either model or mandatory State codes. In California there are mandatory State housing and building code minimum standards and there are model codes in New Jersey. In New York there is a model State building code and a mandatory State housing code. There are model State building construction codes in Connecticut and Minnesota; mandatory construction codes in Indiana and Ohio; and both model and mandatory codes (covering different types of buildings) in North Carolina and Wisconsin.[34] Finally, there are mandatory State housing codes in Iowa, Massachusetts, and Hawaii.

In California, the State Housing Act governs construction and housing standards of all dwellings, including apartments and hotels, within the State. Enforcement of the State Housing Act is carried out by local officials, with State officials available to assist and assure

[34] The *1967 State Legislative Program* of the Advisory Commission will include a model State act providing for the development of a model State building construction code.

adequate enforcement. Where localities are reluctant to adopt adequate codes, such assertion of State legislative authority can reduce health and safety disparities in housing, regardless of locally fragmented governmental conditions.

4. The Commission recommends that diversification and geographic dispersal of housing for low-income groups be encouraged by amending Federal housing legislation and, where necessary, State public housing statutes to: (*a*) facilitate purchase, rehabilitation, and lease of existing private housing by local public housing authorities; (*b*) authorize rent subsidies to enable low-income families to live in sound private housing; and (*c*) permit financial assistance to private nonprofit organizations to enable them to provide subsidized housing for low-income families.

Supplementing the traditional public housing construction program, these measures would diversify the means of assisting low-income families to obtain sound dwellings. Local housing authorities could provide units more quickly through the use of existing housing than through new construction. They would also find it easier to provide for different kinds of families, as in obtaining housing for larger families and conveniently located units for the elderly. Further, rent subsidies would provide a more suitable form of aid for elderly persons on low fixed income, who prefer to remain in the same dwelling they occupy but can no longer afford.

A more varied public housing program would also help overcome the unfavorable image public housing has acquired by concentrating on the use of large institutional projects. Low-income families could be located in single-family houses or small apartment buildings scattered throughout normal neighborhoods, in both publicy owned and leased or privately owned dwellings. In smaller central cities, and especially in suburban communities where resistance to conspicuous public housing projects is strong, where the number of low-income families requiring housing aid is small enough to permit their residential assimilation with the surrounding community, and where there is a sufficient stock of older, moderately priced rental units, a policy of dispersed housing would be particularly helpful in making a subsidy program for low-income housing more acceptable.

The 1964 amendments to the National Housing Act included a "relocation adjustment payment," not to exceed $500 for one 12-month period, for any family or individual 62 years or older, displaced by urban renewal and public housing projects. The purpose is to enable the displacees to relocate initially in private housing if public housing is not available to them. The rental subsidy program proposed in the Commission's report essentially would apply the rental scheme of the 1964 amendments to low-income groups generally rather than to urban renewal and public housing displacees alone and would not be limited to one 12-month period. The 1965 Housing and Urban Development Act took a further step in this direction by authorizing rent subsidies for low-income families who would live in new housing built by nonprofit sponsors.

5. The Commission urges appropriate Federal and State agencies to accelerate adoption of cooperative agreements for enforcing Federal and State laws and regulations forbidding discrimination in housing.

Improved educational and welfare programs seek to eliminate social problems. Yet these problems are only compounded when Negroes and other minority groups are confined by racial discrimination to a "ghettoized" environment of poor housing, crowded streets, discouragement, and defeat. Little is gained from elaborate programs of urban renewal if another slum is created on the borders of the old one because displaced families are merely shifted to a more confined area. Efforts and resources are especially wasted when many of these families are financially capable of securing good housing if only the market were open to them.

In 1957, New York City adopted the first city ordinance barring racial and religious discrimination in private housing. A number of other cities have since adopted similar ordinances. In addition, some 50 cities have enacted measures applicable to government-aided accommodations, such as those in public housing or urban redevelopment projects. Four cities have special legislation barring real estate brokers from engaging in certain practices designed to induce panic selling out of fear that persons of another racial or ethnic background will enter the neighborhood.

Adoption of antidiscrimination housing measures only in the central cities has obvious limitations, however, in terms of opening up the housing market of a metropolitan area. Moreover, fair housing laws limited to the core cities may accelerate the exodus of whites and result in greater segregation of Negroes. Statewide antidiscrimination legislation, on the other hand, can enlarge opportunities for minority groups by permitting freer metropolitan market conditions to operate. At last count, 18 States maintained such laws, varying in their coverage of publicly owned housing, housing supported to some degree by public funds, and private housing. Private housing was covered by the laws of 12 of these States.

The effectiveness of State laws against discrimination in housing depends on the cooperation of a number of governmental agencies having some responsibility for housing. In 1959, several States negotiated agreements with the Federal Housing Administration, Veterans' Administration, and Urban Renewal Administration. A typical agreement provided that FHA would attach a rider to applications for mortgage insurance spelling out the main provisions of the State's nondiscrimination legislation and indicating the Federal agency's requirement that the builder or developer seeking the insurance abide by the laws; and that FHA would provide the State administrative agency with regular listings of subdivision and project approvals by the Federal agency. Other agreements of a less formal nature were reached between State agencies enforcing antidiscrimination statutes and the Public Housing Administration. These permitted a close working relationship and exchange of information.

The Federal Government took direct action against discrimination in housing in November 1962 when President Kennedy issued Executive Order 11063 on equal opportunity in housing. The order applies to housing (1) owned or operated by the Federal Government; (2) provided in whole or in part with the aid of Federal loans, grants, advances, or contributions; (3) provided in whole or in part by loans insured, guaranteed, or otherwise secured by Federal credit; or (4) provided by development or redevelopment of real property made

available by a State or local public agency through Federal financial assistance for slum clearance or urban renewal.

After issuance of the Federal Executive order, steps were necessary to avoid duplication and inconsistency between the Federal order and State laws, and to assure maximum total effectiveness in barring housing discrimination. As a result, the States and the Federal Government have instituted negotiations to develop comprehensive agreements for coordination in administering fair housing laws of both levels of government. The first such agreement was concluded in late 1963 and early 1964 between the Minnesota State Commission Against Discrimination and the Urban Renewal Administration, Public Housing Administration, Federal Housing Administration, Community Facilities Administration, and Veterans' Administration. The "memorandum of understanding" provides, for example, that URA will furnish the Minnesota agency with copies of legislation, Executive orders, URA regulations, and other requirements involved in administration of URA nondiscrimination housing provisions; that the Housing and Urban Development Department's regional office and the local public agency will notify the State agency of any complaints alleging violation of the State antidiscrimination housing laws; and that the State agency will reciprocate vis-a-vis the Federal order.

In its role as coordinator, the President's Committee on Equal Opportunity in Housing, created by Executive order, has also acted to develop cooperation between Federal and State agencies. In May 1964, its Chairman, former Gov. David Lawrence of Pennsylvania, signed a memorandum of understanding with the Massachusetts Commission Against Discrimination. The agreement provides that each Federal department and agency affected will designate an officer to be responsible for liaison between the State commission and the Federal department or agency. A subsequent agreement between the State agency and the Federal departments and agencies, as in Minnesota, would provide the procedure for more detailed cooperation. The President's Committee is urging other States to negotiate agreements similar to that in Minnesota.

6. The Commission recommends that the Congress remove existing limitations on nonresidential renewal from the Federal urban renewal program.

Urban renewal is a basic tool for meeting a variety of needs in urban communities. Decisions affecting the equitable allocation of housing types, tax base, employment locations, and public facility and service needs among various governments within a metropolitan area are often partially determined by renewal programs. The present limitation of 35 percent of the total Federal urban renewal appropriation which may be spent on commercial renewal projects is an arbitrary limitation which unnecessarily limits flexibility in renewal planning. Local communities which apply first may exhaust the funds available for nonresidential renewal, leaving other cities without similar possibilities. Removal of this limitation would allow closer attention to projects for improving the city tax base and providing employment centers close to population concentrations.

Unemployment among central city residents is proportionately 25 percent more serious than among suburban residents, even though 12

percent of the central city residents commute to suburban jobs (1960 data). Part of this unemployment differential is undoubtedly due to the higher proportions of low-income families, nonwhites, and household and service workers who live in the central cities. In many cases, nonresidential renewal may be able to create jobs for these people within the central cities and thus help to reduce central city unemployment. Arbitrary limitations on nonresidential projects can hobble unnecessarily the planning of renewal projects designed to meet social and economic needs of the metropolitan area as a whole.

7. The Commission recommends that Governors of the several States and the Secretary of Labor take steps to assure that public employment services are provided to all job applicants and employees within metropolitan area labor markets regardless of State lines. These steps should include interstate agreements and action by the Secretary to assure that such arrangements are being carried out effectively as a condition of Federal grants for employment security administration.

Under the Federal-State employment security program, maintenance of a public employment service is a joint responsibility of the State and Federal Governments. The U.S. Employment Service helps establish and maintain systems of public employment offices in the States, assists in staff training, develops and disseminates employment information, provides coordination of the State systems, develops and prescribes minimum standards of efficiency, and maintains a system for clearing labor among the States. The Federal Government pays all administrative costs of the State agencies and approves their staffing. State agencies submit detailed operating plans for approval of the Secretary of Labor and are subject to regulations of the Secretary in administering their employment service programs.

In metropolitan areas covering parts of two or more States, problems of coordination are created by the existence of divided administrative responsibility within an essentially single labor market. These problems tend to obstruct the most effective matching of job applicants and job vacancies. In 1963, there were 32 such interstate standard metropolitan statistical areas, with a 1960 population of 40.9 million.

The U.S. Employment Service has taken a number of steps to overcome this arbitrary division of the labor market in interstate metropolitan areas. Most of these measures are directed toward improved coordination within metropolitan areas in general. The Federal agency is carrying on an educational campaign, for example, to persuade State employment agencies to establish employment offices in metropolitan areas on the basis of industry and occupation specialty rather than geography, mainly for the higher skills and professions. With this procedure, an applicant would register in just one office to be certain of being tapped for all jobs available in the area or at least within that portion of the area within his State. Under the older system of setting up numerous offices on a geographic basis and having each one responsible for all type of skills, the problems of coordinating job and personnel information were more complicated and uncertain. Forty-four of the fifty-five metropolitan areas over 500,000 had undergone this reorganization by the fall of 1964.

The problem of divided labor markets is likely to be most serious in metropolitan areas in which the nonwhite unemployed are concentrated in the central city, part or all of the suburbs are in another State or States, and job opportunities are in the suburbs. If there is discrimination against Negroes in the suburbs, there will be a tendency for less than full cooperation on the part of the suburban employment office, in spite of informal and formal procedures and organizational devices for assuring such cooperation.

In these circumstances, it might be expected that Negro applicants would register in all available employment offices regardless of their residence, since that is their right. Many of the unemployed, however, are also the undereducated, unskilled, and semiskilled who are not likely to seek additional contact points for employment in two or more different State employment offices. Thus, if the employment office in the place of their residence—for example, the central city—does not help them find a job, they are unlikely to look for help elsewhere. If there is less than full cooperation between the central city employment office and the suburban office, the unemployed person is, for practical purposes, out of reach of the registration service of the suburban office.

Where these difficulties result from divided State administration, the Commission urges the State and Federal Governments to work more effectively in assuring coordinated action in the metropolitan areas. As heads of State administration, Governors should see to it that their State employment agencies wholeheartedly support such coordination. Cooperative agreements, such as that now in effect in the Washington, D.C. area, should be negotiated in interstate metropolitan areas. For these to be more than paper agreements, however, every effort should be made by responsible Federal and State officials to assure that they actually produce a full flow of information and service over State lines in the metropolitan area.

2. PROMOTING ADJUSTMENT OF GOVERNMENTAL JURISDICTIONS

Many basic recommendations of the Commission, described above, emphasize the need for adjusting local governmental boundaries, functions, and financial powers in metropolitan areas to meet changing needs. These measures would substantially reduce the impact of many factors that make it difficult for local government to cope with disparity problems. Recommendations seeking to ease local government boundary problems have urged: (1) simplified statutory requirements for municipal annexation of unincorporated territory; (2) stricter State standards for new incorporations; (3) control of the formation of new special districts; (4) authorization for interlocal contracting, joint performance of urban services, and voluntary transfer of functions among city and county governments; and (5) authorization and encouragement for the establishment of metropolitan councils of governments, metropolitan planning agencies, metropolitan study commissions, and metropolitan service corporations to perform governmental services that call for areawide handling.

Other Commission recommendations seeking to strengthen local governments functionally and financially have urged (1) that units of general local government—counties, cities, and towns—be given all

powers not expressly reserved to the State in its constitution nor preempted by the State through action of the legislature; (2) that State limitations on local government tax and debt powers be removed; and (3) that cities and adjoining jurisdictions in large metropolitan areas be given uniform authority for levying and cooperative administration of nonproperty taxes.

The Commission has also recommended that States assert their legislative authority so as to afford leadership, stimulation, and appropriate supervision with respect to metropolitan area problems, especially in metropolitan areas that invlove more than one county. States have also been urged to assume an active role in resolving disputes among local governments within metropolitan areas and lending their good offices for facilitating of interlocal contracting and for similar purposes within metropolitan areas.

Without structural and administrative adjustments in local government, it will be extremely difficult to deal with social and economic disparity problems.

In addition to these previous recommendations, the Commission proposes action to broaden political jurisdiction for the functions of urban renewal, public housing, vocational education, retraining, and for certain local tax powers.

8. The Commission recommends State legislation authorizing counties in metropolitan areas to provide urban renewal and public housing services to unincorporated areas and small municipalities; and providing financial and technical assistance to counties as well as municipalities for establishing such services and coordinating their administration, especially in multicounty metropolitan areas.[35]

Urban renewal and public housing programs are needed and should be carried out in all parts of most of our metropolitan areas. County responsibility for programs would tend to broaden the area of jurisdiction by including unincorporated areas and in some cases incorporated areas that do not have programs of their own. Cooperation between county and city renewal and housing agencies, and even joint city-county programs in certain cases, would be possible. The role of the county that is indispensable is the role of project sponsor and provider of workable program certification in unincorporated areas where there is no other government capable of performing this role.

Urban renewal and public housing are highly technical programs. They require qualified professional personnel, and they may also require an upgrading of many local programs in such fields as planning, code enforcement, and capital improvement programing. Federal "workable program" requirements are often difficult for small localities to meet without help. Recognizing these problems, the State of Kentucky has established a program (assisted by a Federal urban renewal demonstration grant) that provides localities with technical and staff assistance in preparing workable programs for Federal urban renewal and public housing grants. In addition, the State of Maine is considering establishment of a program to provide its locali-

[35] See "Urban Renewal and Public Housing," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 297–350. A model act providing authorization for public housing programs will be included in the Commission's *1967 State Legislative Program*.

ties with similar types of assistance for all phases of urban renewal. State staff services such as these can do much to encourage needed urban renewal and public housing programs in small suburban jurisdictions and to point out the mutual advantages of interlocal cooperation in such programs.

9. The Commission recommends State legislation authorizing and encouraging areawide coordination and administration—through county governments or other appropriate means—of vocational education and retraining programs within metropolitan areas.[36]

Large central cities usually constitute a single school system and have capital facilities and administrative organization to conduct adequate vocational education and retraining programs, as well as a sufficient number of potential students for efficent and relatively low unit cost operation. Individual suburban school districts, which are sometimes very small, do not generally enjoy these advantages. They lack appropriate plant or staff for vocational training either as part of a comprehensive high school or as a separate vocational institution; often there are not enough vocational students within any one district to warrant the investment. Analysis of census data indicates, however, that there are often enough such students in the suburban area as a whole to justify the investment.

State governments, by virtue of their basic responsibility for providing public education, have a key role in helping to assure adequate vocational education opportunities for their citizens inside and outside metropolitan areas. This responsibility is recognized in the several Federal programs of grants for vocational education, all of which require State boards of education to develop State plans as a condition for Federal grants. It is appropriate, therefore, for States to develop and administer these plans so as to help overcome deficienices in vocational education in metropolitan areas, as an important part of their responsibility for dealing with inadequacies throughout the entire State.

The States have used a variety of approaches for financing and coordinating vocational education programs. A recent summary listed six general types of "area vocational educational education programs," a term incorporated in Federal vocation education laws. They are programs provided by a school jurisdiction that has an attendance area sufficient to warrant the provision of many different training courses. Emphasis is on developing an adequate administrative unit and financial base, which may require cutting across or replacing existing governmental patterns. Under the Federal Vocational Education Act of 1963, for example, aids for construction can go only to projects which the State certifies are "area vocational education school facilities."

By adapting one or more of the organizational alternatives to individual needs and conditions, using Federal and State funds, and exercising effective supervision and coordination, States can better meet the growing need for vocational education in metropolitan areas, even if many local school districts are individually unable to provide necessary facilities and staff.

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[36] See "Areawide Vocational and Educational Programs in Metropolitan Areas," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 275–285.

10. The Commission recommends State legislation authorizing the use of taxing powers by areawide metropolitan service agencies carrying on functions not solely financed by user charges.

Current examples of areawide service agencies utilizing taxing powers in addition to user charges include the new transit district for the San Francisco metropolitan area; the Maryland National Capital Park and Planning Commission in its administration of a park acquisition program; port districts in Washington and Oregon; hospital districts in Texas; junior college districts in California, Florida, and Texas; and library districts in a number of States.

3. EQUALIZING LOCAL GOVERNMENT FINANCES

State action should be taken to smooth out the fiscal contours of a metropolitan landscape broken up by local government boundaries. States have primary responsibility to deal effectively with this disparity problem by providing more assistance in financing local governmental services.

11. The Commission recommends that each State examine its present system of grants, shared taxes, and authorization for local nonproperty taxes, and remove all features that aggravate differences in local fiscal capacity to deal with service requirements in metropolitan areas and that encourage or support the proliferation of local governments within these areas.

Formulas for distributing State grants and sharing State taxes can have a significant effect on the relative ability of localities to deal with their public service problems. State grants and shared taxes may also aggravate disparities by acting to proliferate local governments within metropolitan areas, whether or not these effects are intended. In some cases, a State shares income tax revenue with local governments, or authorizes local governments to impose an income tax, solely on the basis of place of residence. Wealthy citizens, in particular, are thereby given a tax incentive for leaving the central city and incorporating suburban communities in order to get a share of the State income tax and thereby lessen their property tax load. In other cases, where State grants are made to all incorporated units, there is a tendency to stimulate new incorporations without regard to whether they are in the interest of the best long-range pattern of governmental development in the area. Annexation by an existing municipality or incorporation with adjoining territory to form a much larger unit might be more desirable alternatives from the standpoint of removing or forestalling disparities in services and finances.

12. The Commission recommends that the States consider the merit of using State grant funds to equalize local property tax loads among local jurisdictions in metropolitan areas.

The property tax is the major, and in many cases the sole, source of tax revenue of local governments. In 1962, it accounted for over 87 percent of local tax revenue. The extent to which local units use the property tax is, therefore, probably a good general index of the pressure of local public service needs and the degree to which the locality is taxing itself to meet those needs. Thus, a State grant program based on property tax effort will direct funds to those communities

having the most acute public service needs and showing maximum local tax effort.

13. In order to reduce educational disparities, the Commission recommends that each State make a critical review of its present school grant formula to insure that it provides for an educational level below which no community should fall. The grant formula should contain factors designed to measure as accurately as possible local tax effort and diverse community educational requirements (for example, taking into account higher per pupil costs in slum areas), and should reflect such measurements in the allocation of aid funds.[37]

The economic well-being of the individual is now largely shaped by the level of his educational attainment. It is critically important, therefore, to insure that the State financial contribution is geared to equalizing educational opportunity by bringing fiscal capabilities and needs into close alinement.

Over half the States have refined their measurement of local tax effort by adopting the equalized property tax assessment concept, thereby warding off any attempt on the part of local officials to receive a disproportionate share of the State's school aid fund through the expedient practice of competitive undervaluation. Seven other States have turned to some index of capacity unrelated to property values because of the lack of reasonably comparable information.

Some States have gone beyond equalization grants for the purpose of meeting educational problems in cities and suburbs. Grants are made, for example, to help finance school construction in municipalities. New York State has special programs of aid for education of non-English speaking pupils, culturally disadvantaged children, and aid for educational services to children with special behavior problems.

14. The Commission recommends that the States finance at least one-half the cost of general assistance welfare programs, accompanied by adoption of State standards for such programs.[38]

The cost of public welfare assistance is borne mainly by States and the Federal Government, but concentrations of disadvantaged groups still impose major fiscal burdens on some communities. Federal, State, and local governments finance the "categorical" public assistance programs. These programs, which amounted to $4,218 million in 1963 and accounted for over 90 percent of all public assistance payments, are old-age assistance and medical assistance for the aged, aid and services to needy families with children, aid to the blind, and aid to the permanently and totally disabled. In fiscal year 1964, the Federal Government paid for 60 percent of the categorical aids. Of the total State-local share, State governments as a whole paid 80 percent, and local governments 20 percent. The smallest percentage of State participation in the non-Federal share of categorical public assistance was 44 percent in the State of Minnesota.

"General assistance" programs, however, are still a very heavy charge on many local governments. General assistance recipients are the residual group of poor who are ineligible under any Federal categorical aid program. These include needy unemployed people

[37] A model State act for financial assistance for primary and secondary education will be included in the Commission's *1967 State Legislative Program*.

[38] See "General Public Assistance," ACIR *1966 State Legislative Program* (Washington, D.C.: October 1965), pp. 443–465.

who exhausted or never got unemployment benefits; needy unemployed approaching 65 years of age who do not have dependent children; needy people with partial or temporary disability; mothers of dependent children over 18; needy people in nonmedical institutions; and needy people who fail to meet all Federal and State requirements in the federally aided programs. Payments for such assistance amounted to $375 million in 1964.

General assistance is rooted in the basic responsibility recognized in the legal framework of all States for helping those whose resources are inadequate to meet their essential needs. States vary considerably, however, in the extent to which they participate in financing the cost of public assistance. In 1960, seven States financed general assistance and its administrative costs entirely with State funds: Alaska, Arkansas, Hawaii, Louisiana, Pennsylvania, Utah, and Washington. On the other hand, local governments in 11 States financed the program completely from their own funds: California, Florida, Indiana, Kentucky, Mississippi, Nebraska, Nevada, New Hampshire, South Dakota, Tennessee, and Texas. In 10 additional States, local funds in 1960 bore 80 to 99 percent of general assistance costs with the balance from State sources: Colorado, Georgia, Iowa, Massachusetts, Minnesota, Montana, North Carolina, North Dakota, Vermont, and Wisconsin.

The Commission believes States should finance a substantial portion of general assistance costs. The benefits of maintaining the welfare of individuals and fostering their rehabilitation spread well beyond the limits of localities in which they happen to live. Indigents tend to migrate to urban centers in search of employment, to join relatives, and, perhaps, because they know a city has a welfare program which will assure them a minimum of assistance. Indeed, some communities, particularly smaller less urbanized ones, have been known to establish strict standards of general assistance eligibility in order to encourage the poor to leave, knowing that they will probably migrate to the cities with more liberal eligibility policies.

Intergovernmental Resources and Metropolitan Needs

The remedies proposed here are as wide ranging as the causes and effects of social and economic disparities: gaining better knowledge of existing disparities, providing lower cost housing throughout metropolitan areas, creating more jobs and strengthening the local tax base of cities that have undergone fiscal decline, adjusting governmental jurisdictions, providing more equitable bearing of costs, and equalizing local government finances through positive action by Federal and State governments.

The dimension and nature of these and other metropolitan problems are becoming clearer and the resources are increasingly available. Our Federal system of government under the Constitution provides a sound framework for meeting the social and economic problems of our metropolitan areas. The need is for continuing imagination, ingenuity, sensitivity to our neighbors' needs, and leadership at all levels of government.

NOTE ON SOURCES

This volume consolidates research and recommendations published in a series of reports by the Advisory Commission on Intergovernmental Relations. Material drawn from other sources is documented in specific references, but publications of the Commission are not generally cited. Individual chapters are based on material from the following Commission reports:

Chapter II. *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs* (January 1965).

Chapter III. *Performance of Urban Functions: Local and Areawide* (September 1963); *Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas* (October 1962).

Chapter IV. *Relocation: Unequal Treatment of People and Businesses Displaced by Governments* (January 1965).

Chapter. V. *Alternative Approaches to Governmental Reorganization in Metropolitan Areas* (June 1962); *Factors Affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas* (May 1962).

Chapter VI. *Governmental Structure, Organization and Planning in Metropolitan Areas* (July 1961); *Impact of Federal Urban Development Programs on Local Government Organization and Planning* (May 1964); *The Problem of Special Districts in American Government* (May 1964); *Metropolitan Social and Economic Disparities; Performance of Urban Functions; Alternative Approaches to Governmental Reorganization in Metropolitan Areas.*

Chapter VII. *Governmental Structure, Organization and Planning in Metropolitan Areas; Impact of Federal Urban Development Programs on Local Government Organization and Planning; Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas; Metropolitan Social and Economic Disparities.*

Several papers by Norman Beckman, Assistant Director (Governmental Structure and Functions) of the Commission, also served as useful background for the book: "Our Federal System and Urban Development: The Adaptation of Form to Function," *Journal of the American Institute of Planners*, XXIX (August 1963), pp. 152–167; "The Outlook for Cooperation in Metropolitan Areas," paper presented to the National Conference on School Finance of the National Education Association, Chicago, April 6, 1965; "How Metropolitan Are Federal and State Policies?" paper presented to the Annual Meeting of the American Political Science Association, Washington, September 8–11, 1965.

BERNARD J. FRIEDEN.

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