The Situation

Traffic congestion is the proverbial “rain on the parade” of suburbanites headed for work every morning and back to paradise in the evening. Circling “trafficopters” report with CNN-like urgency of another accident on the north side, backing up traffic for miles. Wrecker is on the way, seek alternative routes. Then there are the cheerful reminders that orange barrels have sprouted like spring flowers along the interstate. DOT is widening and smoothing the linear parking lot. “Stuck in traffic” is the great equalizer -- lawyers headed downtown from their golf course subdivision, real estate agents trying to sell more homes out there, professors headed to campus from their modest bungalows in the inner ring, city dwellers heading to the auto plant built in open countryside, and farmers trying to move equipment on what used to be rural roads. There can be no doubt that people from all parts of this metropolitan area are caught in the same web, their actions and choices impinge on those of others.

Traffic is just the most obvious manifestation of connectedness. There are many other threads that define an economic region -- hospitals, shopping centers, theaters, local TV news, churches, banks, sports teams. People left cities for the suburbs in unprecedented numbers in the 1990's -- 9.6% increase in suburban population between 1990 and 1997, twice that of central cities -- yet continue to rely on the city for services. Much of the traffic is between edge cities and not downtown at all as jobs are displaced. But the congestion is just as debilitating.

Despite appearances, metropolitan regions are not random or haphazard at the larger scale, but are the predictable results of various rules and incentives that structure human interactions. Federal tax, environmental, and infrastructure policies have made the flight to the suburbs attractive and downtown development more difficult. Results of these many incentives have emerged over time, but certainly not by design. No one really wants to be stuck in traffic, and we should have known it would happen.

“In America, sprawl is the law of the land” (Richmond, 2000, p.10), an implicit hodgepodge of law and policy enacted with good intention that has created the mess known as urban sprawl. Foremost in the sprawl machine are federal housing and transportation policy. The Federal Housing Administration was created in 1934 to bring the dream of a new home to more Americans, with lower down payments. Veterans Administration loans after WW II made home ownership possible for 14 million veterans. Both of these were important social programs that had the side effect of moving people from city to suburb. The Federal National Mortgage Association (Fannie Mae) has expanded credit for single-family homes, most of them in the suburbs. The total mortgage portfolio for these federally backed credit programs, primarily for conventional single-family homes, were valued at close to $2 trillion in 1995. The mortgage interest deduction for homeowners totaled $54.4 billion in 1999, equivalent to the sixth largest federal expenditure in that year. A Federal Reserve Bank economist has estimated that this deduction alone lowers housing density by 15% (Moberg, 2000).The interstate highway system was ostensibly for national security when begun in 1956. New roads are justified based on agglomerations of people needing to get from one part of the metro area to another, to accommodate their job and lifestyle preferences. Spending on roads and highways has dwarfed that for mass transit, both

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pushing and pulling people toward the suburbs. A cheap fuel policy, relatively low federal and state gasoline taxes, keeps the whole machine running smoothly (Rusk, 1999).

Local dependence on property and sales taxes is an obvious incentive to encourage development of new houses and business in every jurisdiction. Communities compete among themselves for these tax base enhancements, all sustained by local zoning to attract the “right kind” of development out of the cities to the suburbs. This reliance on local tax base for level of service is a uniquely American institution. Sewer and water system grants provide federal and state subsidy for growing outward and state-directed average cost pricing policies for utilities let lower cost existing neighborhoods pick up much of the tab for new development at the fringe (Richmond, 2000).

Regions are real, even if not formally sanctioned in law. More than 80% of the nation’s growth occurs in the city-suburb-adjacent rural lands of our metropolitan areas. The New York metro area would rank as the 14th largest economy in the world, just ahead of Australia, Taiwan and The Netherlands (Schmitt, 2001). While relationships among people tend to be regional in nature, our rules for dealing with the consequences of those interactions are generally local. Land use planning and zoning are local prerogatives for the most part. Decisions on parks, housing, schools, taxes are made by county, town and city councils with little collaboration across community boundaries. This is a classic social trap, where seemingly rational decisions by individuals yield a pattern that is profoundly irrational at a larger scale.

This paper examines the logic of regions as management units. What do we gain or sacrifice by shifting growth management authority to a multi-jurisdictional level? Various degrees of regional management are reviewed and lessons drawn.

Regions as an Idea -- The Arguments

Inter-dependence. The defining feature of a region is certainly inter-dependence among parts. That relationship may be physical or “natural” as in the case of a river basin, binding people to the reality of gravity pulling water down hill to the bay, estuary, or the larger river. Michigan’s Upper Peninsula is a natural region, distinct from and yet economically connected with the rest of Michigan as well as parts of Wisconsin. “EcoCity Cleveland” is an organization making the point that people living within or around Cleveland are connected by such ecological imperatives as clean air and water; farms, forests and other open space; several small watersheds that flow north toward Lake Erie; as well as the small communities, agencies and other institutions in the area (EcoCity Cleveland, 1999). Natural resource based regions were a significant national policy experiment shortly after the great depression. Two experimental planning regions were adopted in 1935, one in the Pacific Northwest and the other in New England. The question then as now was whether regional boundaries are determined by nature or the more arbitrary political boundaries. States were understandably skeptical of any region-wide planning by geographers that might influence economic change in the area. But there was no disagreement about the presence of inter-connectedness (Meyer and Foster, 2000).

Inter-dependence within metropolitan areas, or “citi-states” as termed by Neal Peirce (1993), is economic and social. People report they are from the “Indianapolis area” or “Detroit area” connoting regional relationships. Parts of a region generally specialize; it is the differentiation of function that creates inter-dependence. Ironically, a river is often a boundary between political jurisdictions, as with the two Kansas Cities or Benton Harbor/ St Joseph, Michigan or Ohio and West Virginia. Natural relationships are denied in such cases, though they exist anyway.

Regions and Efficiency. Arguments for regional provision of services are based on existence of spillovers across local jurisdictional boundaries, creating economies of size and scale for regions that can generate and deliver those services. A park in one community may serve residents next door, at no direct cost. A community will be reluctant to provide services if benefits extend to outsiders. Per capita cost of such services as public housing, sewer and water systems, mass transit, solid waste management would be lower with regional provision than if each jurisdiction tries to provide its own.
Central government in a federalist system provides those services affecting all, regardless of local jurisdiction. Prime examples are such high exclusion cost services as macro-economic policies, protecting “the commons” of large lakes and oceans, and defense. Smaller jurisdictions would provide amounts of those services that would be inefficient for local residents, since benefits go to others while cost remains local.\(^2\)

Local units compete for tax base, trying to outdo each other with tax incentives and other indications of a “business-friendly” environment, often to the detriment of people already there. It is common practice to forgive property taxes for a few years to encourage a business to move to town. This “race to the bottom” hurts existing residents by shifting the tax burden, distorting the land market and reducing services in the short run in anticipation of better days ahead. Lower environmental standards in an area may be attractive to a business seeking a low cost place to operate, but are a risky bargain with the future (Cumberland, 1979). Local zoning often tends toward homogeneity, keeping the community neat and clean but excluding affordable housing and concentrating poverty (Rusk, 2000). Shifting growth management decisions to a regional level can minimize these destructive tendencies by capturing positive spillovers of development and providing a means for sharing the cost and returns. There must be a consistent and acceptable means for collaboration and sharing among the jurisdictions, however, an institutional device that people will support.

Where spillovers are minimal and preferences vary, however, regions could be inefficient. A “one size fits all” approach could impose unwanted services on some and provide too little of other services. The efficient mix and level of services occurs when collective marginal benefit of the services equals marginal cost for those in that “market.” Perhaps a regional government could differentiate service type and level among separate jurisdictions, but there are “equal protection” limitations on treating different citizens differently even if they have different preferences. The chief argument supporting local provision of services when spillovers are insignificant is that people with different preferences can select their local jurisdiction based on services provided (Tiebout, 1956). Thus efficiency is achieved by just letting people act on their preferences. The added assumption is that people can in fact “vote with their feet,” that they are mobile enough to put their preferences to work. Communities would survive and prosper only by offering services that families want at a price they are willing to pay. Paul Dimond (2000, p.250) argues that the primary policy goal for a central or regional government should be to expand opportunities for people to move, to act on their preferences.

There may be gains from experimentation in this process as communities seek to provide what residents want at lowest possible price, rather than relying regions where the incentive for innovation may be less (Oates, 1999). Families that prefer a pro-growth environment would select those communities while the controlled growth families would go elsewhere. Competition among local jurisdictions could thus serve efficiency rather than frustrate it as is usually assumed.

So the real question for regional approaches to growth control is the extent of spillover from development decisions of individuals and communities. At what point are welfare losses from externalities among communities greater than the additional efficiencies from community competition to meet specific demands of residents? Are there economies of scale to be realized and significant spillovers that can be internalized by expanding the size of the decision unit beyond the single jurisdiction when it comes to guiding the pattern and pace of development?

\(^2\)The same argument could be made for control of global warming where international spillovers exist. The problem, as with various regional services, is that demand and therefore marginal benefits to residents vary among jurisdictions.

\(^3\)As is usually the case in such extensions of economic fundamentalism, there is no consideration of transaction cost. Finding a residence in another community and dealing with the inevitable conflict within a family considering such a move would likely impose a significant threshold on gains to offset disruption, enduring a certain amount of inefficiency in the process.
Regions and Freedom. While regional action may save money, provide efficient levels of some services and lead to a more coherent pattern of development, what about the value of self-determination? People like to feel they have some impact on the choices government makes, and regions often lack that sense of community. Regional governance may leave people without the sense of commitment and responsibility that goes with a smaller community. Many regions are impersonal, lacking identity. The city of Gainesville, Florida, for example, is bisected by two river basins. People on the east side are part of the St. Johns River Water Management District, while those on the west side link to the Suwannee River. The difference is crucial for services related to water supply and quality, wetlands protection; residents pay a tax to one or the other regional unit for those and other services. There is logic to the river basin as a management unit. But most Gainesville residents have no idea which water management district serves them, and certainly have little loyalty to either. Their sense of community and self-determination are tied to the city. People feel they can influence their situation in the city with their elected officials, but not in the river basin. And that feeling is important to them.

The same local autonomy that enhances freedom for some may diminish it for others. Local planning and zoning may limit opportunities for low-income people by placing large lot size limits for new housing. Effect of restrictions in one locality may be felt in the neighboring town or another part of the metropolitan region, reducing its options. Mobility is not uniformly available to all residents. And we cannot be sure that the local official really has the interests of constituents in mind. Local governance may be mostly inertia, continuing the dominance of certain individuals, families, and ethnic groups -- government by “gentleman’s agreement” (see Jackson, 2000). Small town politics can be stultifying.

Regions and Vested Interest. There is obviously no single answer to the efficiency/freedom balance question. Both regions and localities have elements of efficiency and equity -- neither is always more efficient or more fair. There are always ideological arguments for localities and for regions as the appropriate level to manage growth. But in fact the most vocal advocates for either are likely to be those who stand to gain the most under that approach. One’s immutable principles are frequently linked to the set of rules that best serves their interests. Advocates for local approaches are likely to be winners under that system. Developers who feel they are getting the run-around from local officials may find logical and profound reasons to shift more authority to the regional level. Those arguing for a region-wide ordinance for protecting open space probably stand to lose very little under that system. That is the nature of American capitalism and predictable self-interest behavior of virtually all participants in the political-economic system.

Support for regions will also vary with the activity -- right for regional transportation or land use planning, but not regional zoning or tax base sharing. People may support a regional process that draws on input from localities, but have trouble with the concept of “region as community.”

Local determination is more a frame of mind, an attitude about who should have the right to decide, than a logically defensible approach to policy. It may cost people more, but makes them feel better. So whatever inefficiencies may result are in many minds a price worth paying. “The fate of regionalism will turn on whether regionalists can persuade people that their interests are sufficiently tied in with those of residents of other communities” (Briffault, 2000, p.29).

Regions by Degree -- Some Cases

Region by Statute. The most encompassing regional structures are those established in law, with formal enforceable rules for operation. A small fraction of the metropolitan areas of the nation have true regional governance, where an elected body can act for all jurisdictions in the region. Portland, Oregon has the nation’s only elected metropolitan government. Metro Portland has true regional government, chartered by the state government and adopted by residents in 1992, covering three counties and 23 other municipalities. Metro is the logical extension of a growth control system established by state legislation twenty years earlier. Metro Portland formalizes the urban growth boundary established years before. Its primary mission is regional growth management and long range planning. It can resolve growth plan differences among local entities and mandate compliance with the regional scheme. Through regional action, Metro Portland has been
able to reduce concentration of poverty and economic segregation that tend to result from a highly
disaggregated decision structure. Encouraging higher urban density and confining residential growth to the
urban growth boundary had the predictable effect of raising housing costs in the early 1990s. There has been
some improvement in the past five years, but Metro still has not established affordable housing requirements
for all new housing projects, as was done in Maryland. And the boundary was expanded in 1997 to give
greater room for expansion (Rusk, 1999, pp. 153-177).

The fact that an elected metropolitan government exists around Portland does not indicate agreement about
much of anything. Debates over pattern and pace of growth are heated, with the usual vested interests on both
sides. The difference is that with Metro, residents of the Portland area have a mechanism for considering who
gains and who loses within a region that encompasses the key participants. They have the opportunity to be
heard and to deal directly with the interrelationships that all regions experience.

A second example of the direct statutory approach to region-wide growth management is the Minneapolis-St.
Paul region in Minnesota. The Twin Cities Metropolitan Council has been around since 1967, created by state
legislation to deal with regional sewer and water issues. Many had pushed for an elected metro council, but
final compromises resulted in a Governor-appointed board. Mission and function of the council have
expanded over the years to encompass broader growth management concerns within the region of seven
counties and nearly 200 municipalities. Region-wide tax base sharing was added in 1971, supported by rural
units and some of the poorer suburbs and bitterly opposed by the more affluent suburbs. The program pools
40% of the increase in assessed value of commercial and industrial property, applies a common millage rate,
and distributes the revenue among all units in the region on the basis of “tax capacity” of each unit. This was
pretty revolutionary stuff, made possible by the absence of strong ethnic and racial divisions in Minnesota,
the traditions of social reform that characterized the area and one-person-one-vote reapportionment that gave
the Twin Cities enormous political power in the state (Weir, 2000). A 1994 attempt to add residential property
to the pool was unsuccessful. In 1998, 137 local units were recipients, 49 donors. Adding residential property
would have reduced the number of donor communities (Rusk, 2000, p. 240).

As an appointed council, reporting to the state legislature, the Metro Council has lacked direct political input
or support. Growing economic disparity among the city, inner suburbs and the wealthier suburbs south and
west of the city led to pressure for reform in the 1980s. New legislator Myron Orfield led the drive to
strengthen Metro Council’s role in assuring affordable housing in the region, inner city revitalization,
transportation planning and land use planning. The Governor vetoed much of the reform package under the
general title Metropolitan Community Stability Act in 1993 largely because of the provision to change the
council to an elected body. That aspect was opposed by the wealthy suburbs and county governments
throughout the state.

The Twin Cities experience documents that there are more gainers than losers with regional revenue sharing,
lending general support to regionalism on self-interest grounds alone. Those conditions apply to virtually all
metropolitan areas -- “the favored quarter” having most of the commercial and residential tax base. The effort
to mobilize that coalition will continue in the Minneapolis region, and other cities around the country where
Myron Orfield has conducted similar analyses. Only Governor Carlson’s veto stopped creation of an elected
metro council, and that matter will return again as well. Effective regional governance seems to require the
political support that comes from popular election and accountability.

While other states have tried to enact regional governance for managing growth (see Weir, 2000), only Oregon
and Minnesota have succeeded. Regions challenge the existing power structure; political inertia is a powerful
force.

Region by Function. Short of full-scale regional governance, many areas coordinate delivery of
specific services through contracting or, as in the case of Georgia, legislative authority for the governor. These
programs capture externalities associated with particular services or functions. The Chesapeake Bay project
brings together several states and many localities to deal with the reality of inter-relationships on water
quality and land use in the naturally defined region. River basin and small watershed projects throughout the
country have important management responsibilities for a limited set of services and generally must fit into
the existing policy structure. Florida’s Water Management Districts have authority to tax residents of the
district to provide water supply and quality management services, including a permitting system for water
withdrawals and mandatory water conservation when necessary. These districts overlap municipal
boundaries.

The Georgia Regional Transportation Authority is an example of what former Housing and Urban
Development Director Henry Cisneros has termed “things-regionalism,” coordinated delivery of a particular
service (Cisneros, 1996). Under this extraordinary authority granted by the Georgia legislature in 2000,
Governor Barnes has significant control over transportation planning and development in the 20 county
Atlanta metropolitan area. The Atlanta region has experienced enormous growth pressure in the past three
decades, highly dependent on private cars and new highways. Resulting severe air quality problems led
Federal officials to threaten withholding nearly $250 million of highway funds from the region. That caught
the legislature’s attention and with skillful negotiation by the Governor, the authority was created. Governor
Barnes, in conjunction with a 15 member council which he appoints, can veto projects of the Georgia
Department of Transportation, plan and finance public transit systems and shift a portion of the cost to all
local governments in the region. Georgia lawmakers are considering an expansion of this authority beyond
transportation to other regional functions for the Atlanta area.

Regional transportation planning is undertaken in other states as well, but with less authority to implement.
The Akron Metropolitan Area Transportation Plan, for example, coordinates the transportation needs of a
multi-county region around Akron, Ohio. Federal funds are available only for those projects included as part
of the regional plan. Again, federal air quality standards are a motivator for regional cooperation. The
Chicago Area Transportation Study in collaboration with Northeast Illinois Planning Commission seeks to
integrate local needs in a regional plan. Transportation may be the single most important determinant of
regional growth, but it is only part of the picture.

Several states have systems of urban growth boundaries or urban service districts that afford a modest level of
region-wide growth management. These are basically city institutions established under state law, but with a
coordinating role for local governments. The Tennessee program mandates county plans developed by a
coordinating council of local governments within the county. Urban growth boundaries are established
around every city with 20 year planning for urban expansion. Urban service boundaries in Michigan lack a
state statutory structure and have evolved quite differently from place to place with the same goal of planned
growth that protects open land and reduces sprawl (Manning, 2000).

Region by Attitude. The least structured form of regional cooperation is the collection of voluntary
agreements among units in an area to think together about regional change. They acknowledge the reality of
regions without coercion, perhaps setting the stage for metropolitan governance in the future. The Chicago
Metropolitan Council and the Regional Plan Association in New York City have long argued the merits of
regional planning and have fostered a sense of community beyond local boundaries. Kansas City, Miami and
other cities have business-oriented efforts to establish a sense of region (Kantor, 2000). Grand Rapids,
Michigan is part of the Grand Valley Metro Council, bringing together 29 local governments in the region to
strengthen inner city neighborhoods, reduce sprawl and protect farmland at the urban fringe through
cooperation (Schneider, 1999). The Toledo Metropolitan Council of Governments has added a “growth
strategies council” to the transportation planning effort.

Chicago Metropolis 2020 proposes creation of a Regional Coordinating Council to bring local governments
around Chicago together in dealing with a broad range of regional needs. This proposal by The Commercial
Club of Chicago, an organization established in 1877 to “advance the public welfare and commercial interests
of metropolitan Chicago by cooperative effort, social intercourse and a free interchange of views,” would give
a new council the authority to selectively grant bond funds to local governments to further regional
objectives. Those purposes would include diverse housing for the area, multi-modal transportation systems,
and reducing tax base disparities in the region. The Council would develop a regional plan and grant access
to sewer and water only for developments consistent with the plan. It would establish a regional taxing
system that would more nearly capture the social costs of all those private automobiles and encourage mass transit. There is little that is mandatory in Chicago 2020 -- a soft approach to regionalism. But it is a start.

Ohio, and presumably other states, has statutory provision for cooperation among local governments in economic development. Joint Economic Development Districts enable municipalities and adjacent townships to cooperate, and Cooperative Economic Development Districts encourage two or more communities to develop common infrastructure rules and share tax revenue for common purposes.

Leave it Alone. Paul Dimond, among others, argues for a policy system that leaves people alone to make their own decisions on how and where they live. He asserts that the primary role for government in dealing with growth is to empower all families to “vote with their feet.” “The right to travel is the most enduring wellspring of the American dream” (Dimond, 2000, p.250) and communities should compete for families willing and able to move. He would undertake a system of impact fees or exactions that internalize the social cost of developing new open land, eliminate the implicit subsidies of sprawl contained in other federal and state law, shift from payroll taxes to taxes on pollution to internalize those costs and raise revenues, enforce anti-discrimination and personal safety laws more vigorously to reduce barriers to mobility, and turn the market loose. He considers the policy trend of regional governance, open space protection, urban growth boundaries and other interventions to be largely counter-productive and expensive.

Challenges for the Policy Educator

Policy Leadership Void. Effective political leadership for regional approaches to growth management is hard to find. Because regions transcend political boundaries, no local legislator has a credible base for pushing regions. Town and county officials question the motives of a city trying to extend operations beyond city boundaries. Cities grow by annexation and that tends to be a zero-sum game for the town or county losing the territory. City and urban fringe governments try to cooperate, but there are barriers. The policy educator can be a broker, bringing the parties together, seeking common ground to solve the regional problems that all can see. A university professional has the luxury of a relatively open mind on these matters and brings a degree of credibility to the table. Few state or locally elected representatives are willing to stake their political career on regionalism. Myron Orfield from Minnesota is an exception. He approaches the matter almost as an academic, but one with a political role. His leadership has come from fiscal and demographic analysis to clarify a political vision. Regional governance can never work without political leadership and the policy educator may help create the environment within which that leadership can emerge.

Dealing With Conflicts. Specific conflicts among governments do emerge. Helping avoid or deal with conflict is a highly specialized role that some university based policy specialists can play effectively. There are conflict management techniques and skills to be employed, if the individual has the confidence of parties involved. But this role is not for everyone.

Be a Window to the University. There is a tremendous reservoir of talent in all universities that can be useful in real growth management efforts. A policy educator can broker there as well, finding the GIS experts, conflict resolvers, spatial modelers, tax analysts, transportation experts willing to lend their expertise under the right circumstances. The university can be a bit mysterious to many in public life, seemingly unconnected to the world around it. There is also precious little connectedness within a university, between departments, colleges, institutes, etc. The policy educator can help overcome the transaction cost of mobilizing expertise and securing the resources necessary to help clarify and solve regional growth management issues, in collaboration with policymakers. There is published experience with various policy approaches, some of it “fugitive” in theses and project reports that can be assembled and delivered in digestible form. There are many useful Masters theses to be directed, written, and funded, in a range of departments. This is generally high quality expertise, and not terribly expensive. Growth management can be controversial stuff, particularly for colleges of agriculture, so administrators must be kept in the loop.

Now is the Teachable Moment. Traffic congestion and sprawl are definitely on the minds of citizens everywhere. A recent article in the Ellsworth American, a small town newspaper on the Maine coast, bemoans
the congestion of private cars headed for Bar Harbor or further downeast. It discusses a local effort to design a regional transit plan to move people to and from the resort area with less disruption. There is also a fight over a planned Wal-Mart Super Store in Ellsworth, largely because the regional impacts are not considered by the city wanting the tax base. This scenario is everywhere in the country, from Florida, to Michigan, to Colorado, to California and maybe even in Kansas. There is not enough institutional innovation going on to deal with these regional growth pressures. States and localities are trying things, but with little evidence on the nature of the problems or possible solutions. Policy analysts/educators have a real chance to make a difference.

References


