MANAGED GROWTH
Proceedings From Five Community Workshops on the Issue of Managed Growth for the Twin Cities Metropolitan Area

Sponsored by UNIVERSITY OF MINNESOTA
Center for Urban and Regional Affairs
School of Public Affairs
Continuing Education and Extension
MANAGED GROWTH

Proceedings From Five Community Workshops on the Issue of Managed Growth for the Twin Cities Metropolitan Area

Sponsored by UNIVERSITY OF MINNESOTA Center for Urban and Regional Affairs School of Public Affairs Continuing Education and Extension

October — November 1974
These proceedings have been published by the Center for Urban & Regional Affairs with assistance from the School of Public Affairs and the Division of Continuing Education and Extension.

Copies of the proceedings are available through the Department of Conferences, 131 Nolte Center, University of Minnesota, Minneapolis, Minnesota 55455: 373-3151.
TABLE OF CONTENTS

Cooperating Institutions ........................................... i
Committee of Inquiry .................................................. i
Workshop Objectives. ................................................. ii
Workshop Procedures ................................................... iii

Opening Remarks
  Arthur Naftalin ................................................... 1

Session 1

Why Should We Attempt to Guide Growth and Redevelopment?
  Robert Hoffman ..................................................... 5

Why Should We Attempt to Manage Growth and Development?
  Bruce K. MacLaury .................................................. 25

Balancing Growth...On the Fringe and In the Core
  Ted Kolderie ......................................................... 40

Why Should We Manage Our Metropolitan Growth?
  Robert Hudnut ...................................................... 47

Session 2

What Are The Economic Consequences of Guiding Growth?
  E. Peter Gillette, Jr. ............................................. 54

What Are The Economic Consequences of Managing Growth?
  Philip M. Raup ..................................................... 64

Economic Consequences of Managed Growth
  J. D. Smith .......................................................... 70

Managed Growth and The Center City Neighborhood
  Robert Roscoe ..................................................... 76

Session 3

What Are The Social Consequences of Guiding Growth?
  David Graven ....................................................... 82

Some Manageable Thoughts on the Future of Public
Education In The Metro Area
  John B. Davis, Jr. ................................................ 88

Social Consequences of Managing Growth: The Impact
On Blacks And Other Minorities
  Willie Mae Wilson .................................................. 96

Potential Adverse Affect of A Development Framework
Guide On Housing Costs & Choice
  Bruce Thomson ..................................................... 102
Table of Contents -- continued

Session 4

Where Should Growth Take Place?
  Dennis Dunne ........................................ 116

Where Shall New Growth Take Place?
  Robert von Hoef ...................................... 124

Twin Cities: The Process of Growth
  Fred Lukermann ...................................... 131

Redevelopment of the Urbs
  E. J. Chorn ......................................... 164

Session 5

How and By Whom Will Our Growth Be Guided?
  John Boland ........................................ 171

How and By Whom Will Our Growth Be Managed?
  Gerald W. Christenson .............................. 180

How And By Whom Will Our Metropolitan Growth Be Managed?
  Clayton L. LeFevere ................................ 188

The How & By Whom Planned Growth
  Elliott Perovich .................................... 196
University of Minnesota

WORKSHOP ON MANAGED GROWTH FOR THE TWIN CITIES METROPOLITAN AREA

Sponsored by the School of Public Affairs, the Center for Urban and Regional Affairs and the Department of Conferences in Continuing Education and Extension.

Cooperating Organizations

Amherst H. Wilder Foundation
Association of Metropolitan Municipalities
Association of Minnesota Counties Citizens League
Commission on Minnesota's Future Council of Community Councils
Educational Research and Development Council
Federal Executive Board
Greater Metropolitan Federation
Joint Religious Legislative Coalition
League of Minnesota Municipalities
League of Women Voters
Metropolitan Area Management Association

Metropolitan Council
Metropolitan Intercounty Council
Minnesota Chapter, American Institute of Planners
Minnesota Chapter, American Society of Public Administration
Minnesota Society of Architects
Science Museum of Minnesota
St. Paul Urban Coalition
State Planning Agency
Urban Affairs Commission, Archdiocese of St. Paul and Minneapolis
Urban Coalition of Minneapolis
Upper Midwest Council

The Committee of Inquiry

Stephen Alnes, Associate Editorial Editor, The Minneapolis Star
Francis M. Boddy, Professor of Economics, University of Minnesota
Gleason Glover, Executive Director, Minneapolis Urban League
Mary Ellen Grika, President, Lowry Hill East Neighborhood Association
James Hetland, Vice President, First National Bank of Minneapolis
Robert W. Johnson, Anoka County Attorney and Member, Minnesota Municipal Commission
Leonard LaShomb, Executive Vice President, Minnesota AFL-CIO
Larry Lauka, Vice President, The Sussel Company
Gerald E. Stelzel, Chairman, Dakota County Township Officers Association
William G. Sumner, Editor, the St. Paul Dispatch
Peter Vanderpoel, Staff Writer, the Minneapolis Tribune
Kenneth T. Wisneski, Executive Editor, Sun Newspapers
Arthur Naftalin, Professor of Public Affairs, University of Minnesota, and Workshop Director
Workshop Objectives

The Workshop on Metropolitan Growth intended to help inform the community-wide dialogue concerning policies and strategies that relate to the future development of the Minneapolis-St. Paul metropolitan region.

Its point of departure was the Development Guide being prepared by the Metropolitan Council, but its scope reaches beyond the Guide to the full range of activities—both public and private—that impinge on growth.

The Workshop intended, therefore, to help interested persons in all sectors to become better informed concerning potentials—both positive and negative—for "controlling" or "managing" growth. It was not designed to return findings or recommendations concerning particular policies or strategies that should be adopted; it sought rather to air the widest possible range of concerns and ideas that would help governmental bodies arrive at policy decisions.

Through the device of a broad-based Committee of Inquiry hearing statements made by a wide range of individuals holding diverse views, the Workshop sought:

1. To clarify and illuminate the basic concepts involved in plans for "managing", "controlling", "guiding", and "directing" the future growth of the Twin Cities area.

2. To identify and describe—in clear and non-technical language—alternative approaches and methods that may be used.

3. To review and discuss the anticipated consequences of different approaches.

4. To identify the agencies and individuals who have responsibility for making the final decisions—legislators, members of the Metropolitan Council and others in the public and private sector.

5. To exchange conflicting and opposing views concerning what are seen as advantages and disadvantages.
Workshop Procedures

1. Because the subject is so broad and time so limited, time limits were imposed on all speakers, questioners and responders. Individuals invited to present opening statements at each of the five sessions were asked to limit their remarks to 10 minutes, except for Robert Hoffman—the first speaker at the first session—who was asked to speak for 25 minutes in order to provide a broad background for the entire Workshop.

2. Following completion of the four opening statements, members of the Committee of Inquiry posed questions to the Panel of speakers and to other resource persons attending the Workshop.

3. The opening presentations required approximately 50 to 60 minutes and the dialogue between Committee and Panel, 30 minutes. The remaining time was devoted to questions and comments from the audience.

4. Members of the audience wishing to ask questions or make comments came to the front of the hall and spoke from the podium. All participants were asked to give their name and any identification they might like, such as occupation and whether they were speaking for an organized group. Questions and comments were limited to not more than three minutes.

5. Cooperating organizations and other interested groups were invited to use display tables in the lobby for materials relating to the Workshop that they wished to exhibit or distribute.

6. In advance of each session individuals who wished to appear were invited to indicate their intention to the project director. They were called upon in the order that their declaration of interest was received.
WORKSHOP ON METROPOLITAN GROWTH

OPENING REMARKS
Session 1

Arthur Naftalin
Professor of Public Affairs
Project Director

I am pleased to welcome you to this first session of the Workshop on Metropolitan Growth. The size and range of this audience reflects the deep concern of our metropolitan community over the region's future and over what can be done to shape a growth pattern that will preserve and enhance the high quality of life that the area now enjoys.

We take as our point of departure the intensive work of the Metropolitan Council; in particular its adoption—under mandate of the State Legislature—of a Development Guide as the basis for regional growth. But the objectives of the Workshop reach out more broadly. We will be concerned with all activity, all decisions—both public and private and at all governmental and economic levels—that will effect or influence the pattern of growth.

Our objectives are, obviously, very ambitious. What we do about growth involves the full range of community life—housing, land use, transportation, water supply, education, social service, waste disposal, open space and recreation—and in the five Workshop sessions we will, of course, not be able to deal with all concerns exhaustively. But we will try to open as many avenues for discussion
as we can, seeking to stimulate and enrich the dialogue that has been under way on a broad front.

The Workshop is, then, designed to inform the ongoing community discussion about our future. It is not intended to return findings or recommendations nor to provide final answers. It is intended rather to clarify planning concepts and to describe and analyze alternatives. It will seek to identify critical dilemmas and key actors. And--we hope--when the Workshop has been concluded--that the cooperating organizations and other community groups will want to follow through on particular issues and give further attention to special aspects of the large subject.

In planning the Workshop the three sponsoring organizations--the School of Public Affairs, the Center for Urban and Regional Affairs and Continuing Education and Extension--have had the excellent cooperation of the 24 community groups that are listed on the program. We have also had the help of a large planning group that included a number of members of the State Legislature with a special interest in urban and metropolitan affairs. And as you will note we also enjoy the indispensable help of the 13 members of the Committee of Inquiry and of the 20 persons who will give keynote statements at the five sessions.

But most important is the participation of the audience. We want your reaction and involvement. After we have heard from our keynote speakers we invite you to raise questions or to make statements. We want to confront the critical questions, to build, in a sense, a
record of community response and involvement—a record that will help ensure that the plans that ultimately emerge will reflect the community's best thinking and will have behind it the widest possible consensus.

At each of our five sessions we will hear from four keynote speakers, covering a wide range of perspectives and expertise. We have asked our first speaker—Robert Hoffman—to do more than present a point of view, however. We have asked him to provide a large background for the entire Workshop. As chairman of the Metropolitan Council's Committee on Physical Development he has been playing a central role in the Development of the Development Guide, and as a former member of the Bloomington City Council, his leadership on the Metropolitan Council reflects both the metropolitan and municipal perspectives. I am please now to present as our first Workshop speaker, Mr. Robert Hoffman.
University of Minnesota
WORKSHOP ON METROPOLITAN GROWTH

Session 1 Wednesday, October 16, 1974

Why Should We Attempt to Manage Growth and Redevelopment?

What are our best estimates for the future concerning population growth and the pressure on our resources?

Why not continue as we have in the past, letting private enterprise and the forces of supply and demand determine the direction of growth?

Does unplanned growth really threaten a continued high quality of life?

Do tax disparities among different communities within the region constitute a critical problem?

How adequate are our resources of land, water and air to support the populations that are projected for the future?

Session 1 Keynoters:

Robert L. Hoffman--Attorney, Member of the Metropolitan Council since 1971 and Chairman of the Council's Physical Development Committee. Member of City Council, City of Bloomington, 1958 to 1971. Member of the Environmental Committee of the American Bar Association and of the National Land-Use Advisory Group for the Public Technology Institute sponsored by the National Science Foundation.


WHY SHOULD WE ATTEMPT TO GUIDE GROWTH AND REDEVELOPMENT?

by
Robert Hoffman, Attorney
Member of the Metropolitan Council

I. INTRODUCTION

There are many reasons to guide the growth of metropolitan areas. Some of the principle reasons in our Metropolitan Area include:

1. Legislative charge
2. Consumption of land
3. Need for affordable housing
4. Under-utilization of existing investments in public facilities
5. Financial cost of our current development pattern
6. Impact on the environment
7. Planning and coordinating metropolitan investments is needed to enable local governments and private sector to make their plans and development decisions

However before examining these reasons in more detail we should look at our Metropolitan Area as the Physical Development Committee did when it started its process toward a Development Framework Guide.

We had staff collect data and we analyzed population trends and forecasts, housing supply and needs, employment supply and forecasts, the current availability of urban services, economic data, public fiscal data, social considerations for physical development planning, and the advantages and disadvantages of developing growth policies. All of this was designed to help us place ourselves in focus as a metropolitan area and to help identify what needed to be
done to preserve and improve the quality of life we prize so highly.

II. WHO ARE WE?

A. Comparison with other Metropolitan Areas

We are not like any other Metropolitan Area. The Twin Cities is the nation's fourteenth largest metropolitan area. It is located on the northwest edge of urbanized America somewhat off the main stream of transportation. It is the center of a very large, low density, predominately rural region of the nation. We are not and will never be the center of national transportation, development and growth that some envision—and we may be better off because we are not.

Of the 25 largest metropolitan areas we rank as follows:

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Twin Cities Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median family income</td>
<td>5th</td>
</tr>
<tr>
<td>Percent of families below poverty level</td>
<td>25th</td>
</tr>
<tr>
<td>Median school years completed by adults (over 25)</td>
<td>5th</td>
</tr>
<tr>
<td>Percent of 14-17 year olds enrolled in school</td>
<td>1st</td>
</tr>
<tr>
<td>Crime rate (violent crimes)</td>
<td>19th</td>
</tr>
<tr>
<td>Percent of homes owner occupied</td>
<td>4th</td>
</tr>
<tr>
<td>Percent of population under 18 years of age</td>
<td>3rd</td>
</tr>
<tr>
<td>Percent of population over age 65</td>
<td>15th</td>
</tr>
<tr>
<td>Population density</td>
<td>23rd</td>
</tr>
<tr>
<td>Growth rate</td>
<td>10th</td>
</tr>
</tbody>
</table>
We have a diversified economic base and an economy with well-developed commercial connections with the national economy that provides protection against local, cyclical economic problems. Educational, recreational, and cultural opportunities are abundant, and the Area to date has managed to avoid or minimize the very severe problems of crime, physical decay, and social unrest that have plagued many other metropolitan areas.

This is how we look in relation to the other major urban centers of the nation. The picture is largely a positive one and the recent quality of life surveys that have been made throughout the country support and publicize this conclusion.

The Area, however, is facing several potentially serious problems. Among these problems are shortages of reasonably priced housing, rapidly increasing public facility costs, increases in pollution, and crime, and neighborhood deterioration. Many of these problems are related to the Area's growth rate and its pattern of development.

B. Inventory and Profile

By examining current development patterns we can get a further picture of our problems and "who we are" as a metropolitan area.

The most significant patterns are:

1. Consumption of land:

   First million people consumed 100 square miles,
second million people consumed 300 square miles, third million may use 700 to 900 square miles following continued trends.

2. Need for affordable housing:

New households will form at a faster rate than population will grow—need for 380,000 housing units by 1990—nearly a 50% increase.

3. Need for employment:

A possible need of 400,000 new jobs (almost a 50% increase) because of the age characteristics of the population.

4. Under utilization of existing investments in public facilities:

Have already enough land with sewer, water and highway facilities to accommodate all growth anticipated by 1990, though not all in the best areas.

Sewered area—41% vacant and suitable for development

Storm sewers area—34% vacant and suitable for development

Public water systems—35% vacant and suitable for development

All of this land is within 30 minutes from either downtown in non-peak travel periods.

5. Our residential density is decreasing significantly and this is increasing the cost of public services.

6. There is a trend toward geographic separation of income and racial groups in the metropolitan area along with a trend of increasing overall average income.

7. There is trend toward an unbalanced age structure in older neighborhoods with this same phenomenon beginning to occur in closer in suburbs.

8. There is a steady trend toward suburbanization of employment over the last 20 years with about 45% of the area's employment now outside the two central cities.

9. Significant amounts of our housing stock are growing old and need replacement.
III. WHY WE NEED A DEVELOPMENT FRAMEWORK?

A. Cost

It is estimated that a public capital investment savings of $2 billion is possible by guiding growth. This $2 billion difference is based upon the reasonable assumption that scattered growth would occur over a 1,000 square mile area (1970-1990) in sufficient magnitude to require a skeletal system of roads, water, sewer, and storm drainage, as contrasted with the additional area actually needed to support guided development. A $2 billion difference can be viewed as $900 per capita for the 1980 regional population.

These costs of new development are not paid by only those persons moving into the rural area. Instead many of them are shared by everyone in the Metropolitan Area. The cost of the present trend to existing houses or apartments could be 4 times greater than under guided growth. Furthermore, many communities are now paying for their public services with a smaller tax base than they expected because the growth which they expected has not occurred. Their utilities are serving vacant land while less developed communities are being forced to duplicate those unused services to serve the people who have moved to the rural area.

Development in the urban fringe requires public money that could be used to stabilize or even lower costs in the existing suburbs and central cities, where there is already
a substantial public and private investment. While the population of the rural area is growing, that of the central cities and some suburbs is declining. These areas face the problems of neighborhood deterioration and crime, and they are becoming the homes of the poor—both young and old.

B. Environment

The way in which the Region develops will have a major impact on the environment. The current pattern of scattered development has caused increased reliance on septic tanks, which have frequently failed and polluted both surface and groundwater. Uncontrolled development has resulted in the loss of many acres of wetlands, which are a valuable part of the hydrological system. Development threatens important open space sites which are needed for recreation or are valued for their natural features.

However, concentrating on just environmental concerns will be short sighted. Because of the large number of new jobs which will be needed by residents of the Area who will be entering the job market within the next 16 years, it is important that environmental protection planning recognize the need for economic growth. The Area's high quality of life is just as dependent upon its stable, diversified economy as it is on its natural amenities. Careful planning is needed to ensure that the economy is able to expand without severely damaging the environment which makes the Metropolitan Area unique among major urban centers.
C. Housing

In addition to encouraging a growing economy, a regional Development Framework is directed at helping metropolitan residents to have adequate housing at a reasonable cost. Housing costs in the Metropolitan Area are already extremely high. In 1970, 85 percent of the households could not afford the average price of a new single family house, and 50 percent could not afford the average priced new apartment. One of the principal reasons for scattered development in the rural area is availability of relatively low cost housing. Rural housing costs are initially lower because of the lack of urban services such as sewers, water services, parks, and schools. However, as the population increases people begin to need these services and must then pay for them with a small tax base. This usually results in higher taxes. Frequently they must replace their septic tanks and wells with sanitary sewers and public water and thus pay twice for the same systems. In the long run, therefore, housing in the rural areas can be more expensive.

D. Priorities for Metropolitan Investments

A Development Framework is needed to help determine priorities for metropolitan investments. Metropolitan systems such as sewers and transportation are closely related to the development of the Region. Scattered development can force the extension of sewer lines by creating a pollution problem, and the extension of these lines across undeveloped land can lead to
additional development which will require more services. A Framework is needed to coordinate the investment in the metropolitan transportation, sewer, and parks systems to ensure that their pattern of service is rational and that maximum benefits are derived from public expenditures.

The planning and coordinating of metropolitan investments is needed so that local governments will be able to make reliable plans and capital improvement programs compatible with regional development plans and metropolitan systems. Local governments will be able to know when capital improvements in the metropolitan system are scheduled so they can plan and budget their local systems. They also need to know how the metropolitan plans will affect the distribution of population and employment so that there is a basis for local planning.

It should become obvious that a managed growth program within a Development Framework is not a no-growth plan. It recognizes that we will have growth. It is designed to anticipate that growth and plan for the public and private decisions that must be made to accommodate it in an economic and orderly manner.

E. Legislative Charge

The Metropolitan Council has the task of preparing a guided growth plan. In addition to reasons already given, it is in direct response to its legislation, "The Metropolitan Council shall prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive
development guide for the Metropolitan Area. It shall consist of compilation of policy statements, goals, standards, programs, and maps prescribing guides for an orderly and economic development, public and private, of the Metropolitan Area. The comprehensive development guide shall recognize and encompass physical, social, or economic needs of the Metropolitan Area and those future developments which will have an impact on the entire area including but not limited to such matters as land use, parks and open space land needs, the necessity for location of airports, highways, transit facilities, public hospitals, libraries, schools, and other public buildings."

F. Coordinated System of Planning

The Development Framework (guided growth) gives overall direction—a framework within which the Council can plan regional functions such as sewers, transportation and parks, and make decisions on regional issues—a framework within which others such as local governments, state and federal agencies, and private developers whose decisions are affected by those metropolitan systems, can coordinate activities. The Guide will also be a position statement to the State Legislature and others.

Simply stated, the Development Framework will be directed to:

--Maintain our high quality of life

--Protect natural resources

--Encourage our growing economy

--Accomodate projected growth rationally and economically
--Determine priorities for metropolitan investments
--Ensure adequate housing at a reasonable cost
--Provide guidelines for local planning and development decisions

The basic responsibility for implementation of the land development aspects of Development Framework will rest with municipalities and counties. Most decisions on land use regulation are and should continue to be made at the municipal and county level. This is because local governments already have the administrative structure and many of the tools needed to accomplish the goals.

Through the Development Framework the Metropolitan Council will support local government by providing:

1. An overall framework for metropolitan systems, such as sewers, transportation, parks, housing.
2. Planning and legal assistance.
3. Legislative recommendations for fiscal support of local government.

With this coordinated approach, the basic implementation actions will continue to be taken by local governments. However, it should be noted that a failure on the part of local government to actively coordinate and respond to regional issues and needs will be an open invitation to Metropolitan, state and Federal agencies to intervene.

IV. PROCESS USED TO PREPARE DEVELOPMENT FRAMEWORK

I think it is important to note that so far the Physical Development Committee of the Metropolitan Council has spent over a year and a half on this project. It has been divided into four phases:
1st Phase—Profiles, inventory and review of existing policies

2nd Phase—Preparation of a discussion statement on policies, public meetings and adoption of interim policies

3rd Phase—Preparation of a discussion statement on implementation and public meetings


Throughout the process, the Committee has used:

a) Task Forces—invited interested groups to set up task forces to work with us on regular basis

b) Weekly status bulletins—to a mailing list of over 2000

c) Personal contact and speeches

d) Personal phone calls inviting people to meetings and to meet with us

e) Public meetings

V. PROPOSED DEVELOPMENT FRAMEWORK POLICIES

Based on background study and public hearings, the Committee has adopted a series of policies as the basis for further public response and implementation studies. In doing so, we divided the region into five policy areas and concluded the following for each area:

A. The Downtown areas of Minneapolis and St. Paul—

Encourage and support continued growth of the two downtowns as financial, office space, employment, cultural, entertainment, and accommodation centers. Encouragement will also be given to the development of medium and high density residences for a full range of incomes or to create a 24 hour day living environ—
ment in the downtowns and to utilize downtown land and facilities. Environmental control programs should be designed to reduce noise, air, and odor pollution problems and to protect river front areas.

B. Fully developed central cities and suburbs--
Confidence must be maintained in the structure and neighborhoods in the residential areas of the central cities and in the close in suburbs. This must be done in order to attract private investment and encourage long term stability of neighborhoods.

C. Areas of active urbanization--
In areas of active urbanization, urbanization should take place on environmentally suitable land that has been skipped over in previous development, land that is served by metropolitan facilities by virtue of our previous investments. Development should take place in clustered communities adjacent and contiguous to the existing built-up areas.

D. Rural area--
Public and private actions should maintain to the fullest extent possible, the rural character, agricultural base and prime agricultural land of the rural area.

E. Freestanding Urban Growth Centers--
As an alternative to the large city living and to scattered rural nonfarm development, the freestanding Urban Growth Centers should accommodate a moderate rate of growth compatible with public investment and the economic base of these communities.
VI. PROPOSED IMPLEMENTATION STRATEGY

For the most part we probably can continue as we have in the past, that is to let private enterprise determine forces of the supply and demand direction of growth. However, some modification is needed because conditions are slightly different than in the past. For example: the federal government decision to build the interstate highway system has made much more land area accessible within the metro area. The private market responds to this accessibility by wanting to develop much of this land. However, this will require local governments and the region to invest large sums of money to provide public utilities, schools, police and fire protection—all of the associated urban services to this vast area of land which is now accessible because of the interstate highway system.

In other words, a decision made at one level of government 20 years ago has created market conditions that are requiring response today from other levels of government. Unless the people of the region are equipped to make additional financial investments, the people of the region must impose certain restraints on the private market.

In addition, there are simply more people and more households today than in the past and simply by virtue of greater numbers there is greater impact on environmental features like lakes and woods which people of the region value. If those are to be protected the way the region wants them to be, this too will require some public controls and restraints on the private market.
A. **Immediate Recommendations**

During our study, the Physical Development Committee has considered an implementation program which has five major elements. These are:

--Development planning and regulations

--Public facility planning and capital programming

--Economic incentives

--Tax policy

--Education about urban growth

From these many possible elements, the Committee has selected the following specific implementation proposals:

1. One will be mandatory municipal, county, and school district development planning. We will ask for new legislation to make that mandatory. We are now working on a definition of development planning that will be considerably expanded from what has been historically termed a comprehensive plan. It will be a coordinated system of planning. It will contain a hierarchy that will first, require the Metropolitan Council to complete its Development Guide and Policy Plan for sewers, parks and transportation by early 1975. Counties will then be required to adopt their development plans within a certain period of time.

   We are asking that the legislation require the counties to incorporate the metropolitan systems within county plans, particularly as to capacities, densities, locations, and
timing. Within the metropolitan systems, counties will have a considerable amount of latitude.

Then municipalities will be expected to adopt their development plans and be required to include the metropolitan and county systems within their plans. Within those systems the municipalities and school districts will have a substantial degree of latitude. For example: If Minneapolis' development plan provides for a business district which contains 400 million square feet of office space, and the metropolitan systems, such as sewer and transportation are designed for that capacity, whether or not Minneapolis puts that into a tower three times higher than the IDS or puts it into 45 low-rise buildings, it is Minneapolis' decision so long as it doesn't over-tax a metropolitan system or the environment. Matters that disrupt or add to over-tax the metropolitan system become matters of metropolitan significance—and that could be a large development or a small development.

The major element of this coordinated system of planning is going to be mandatory development plans—which will include zoning ordinances, five-year capital budgeting, and many other items that have not currently been in local plans.

2. A second implementation proposal will be for local planning assistance including technical assistance. The
Metropolitan Council's technical assistance program is being strengthened and will include both staff expertise and data.

3. A third proposal will be a Metropolitan Development Fund. The Fund will have two major aspects. One aspect will be to use the existing Council review process to disperse state and federal funds according to metropolitan priorities. The second aspect will be to use a new revolving fund to support local planning and the adoption of development plans through a grant or loan program. We don't want any community to say it cannot afford to plan. After 1975, the Fund may also include giving advances for utility systems; the granting of the full faith and credit of the metropolitan area for bonding purposes for certain items, such as housing, sewers or utility systems. In the central cities, the Fund may be used for insurance to maintain property values.

4. The fourth implementation proposal is for improved on-site sewage regulations. We have met with the State Pollution Control Agency and we recommend that on-site disposal systems be governed by new regulations both for installation and maintenance. The Minnesota Pollution Control Agency should adopt regulations for on-site soil absorption systems and enforcement mechanisms with particular attention to improving inspection and enforcement procedures. Counties should assume primary responsibility for enforcing
on-site disposal system regulations. The State should provide financial assistance for training inspectors. The Council should be charged with recommending legislation to modify problems with the codes and ordinances.

5. A fifth proposal will be a cost allocation procedure for unplanned extensions of metropolitan facilities. The concept goes something like this: If a municipality, county, or school system causes an extension of metropolitan system beyond what is planned, it pays the entire bill for that unplanned extension. This could come as a result of overtaxing the sewer system, overtaxing the transportation system, or pollution resulting from some action when there is no sewer system.

6. The sixth proposal is for enabling legislation for a municipal development corporation—which can operate throughout a city. A municipal development corporation could consolidate existing public development authorities and provide more flexible programming and implementation activities.

7. The seventh proposal is aimed at providing housing at a reasonable cost. It includes recommendations for using incentives to complement the regulatory approaches to guiding growth. These incentives are designed to broaden housing type and locational choices for low- and moderate-income facilities, to stimulate reinvestment in and reuse of housing in the developed areas and to reduce
housing costs in the area with urban services. The specific proposals include asking the legislature to:

a) Establish a uniform process for development review by state and metropolitan agencies.

b) Establish a demonstration program for metropolitan land banking and land write-down.

c) Create a program to stimulate reinvestment in housing in fully-developed areas.

d) Direct the Council, in cooperation with local officials and developers, to examine the effect of codes and ordinances on the cost of housing and recommend legislation as appropriate.

In addition, the Council, with Minneapolis, St. Paul and other fully developed communities, will conduct a joint study for the revitalization and maintenance of fully-developed areas.

B. Further Work in 1975

We also anticipate carrying out several major studies in 1975 that we think are necessary for further implementation of the Development Framework:

1. An Agricultural preservation policy. Information we have today indicates that some of the land in the seven counties is as good as any land in the state for agricultural purposes. It is very important that the Development Framework categorize agricultural use as a principal land use. A concept we had in the past was that we would define the urban uses and what was left over would become the agricultural area. That is not the way to maintain an agricultural area.
If you take a map and define the urban service area and color everything else brown and call it the rural area, you will find that large parts of that area are not only unsuitable for urban development but also are unsuitable for agriculture. That becomes very important. The information we have to date seems to indicate that we should be very cautious about mixing agricultural uses with even spotty residential use. For example, the historic practice of locating a grove of trees and building houses surrounded by farmland probably will not work. The houses become a threat as a potential for urban services which have an adverse effect on the adjacent agricultural use. The concept that a rural area can be a mixture some way of agricultural and residential uses is in reality no plan and will not succeed.

2. A Total Assessment Statement, i.e., consolidation of the many reviews, hearings and filings currently required. It would be a combination environmental, social and economic assessment.

3. A Model Development Code which will be available as an aid to communities.

4. A Social Framework review to assure that social issues have been properly considered within the Development Framework.

5. A Policy on Land Taxation as distinguished from property improvement taxation.
6. A study of Metropolitan Development Fund incentives.

An important part of our analysis is related to eight defined sectors of the metropolitan area. We analyzed the geology and projected the land-use needs of each sector. In this way we determined the number of square miles available and needed in each sector for particular uses. It will be an important tool in implementing the Development Framework.

Finally, I emphasize that the Development Framework will not be a static document; but a continuing, evolving, dynamic process to create a forum and focal point to identify, thoroughly consider, debate and eventually make the necessary decisions for our future. Perhaps our greatest problem now and in the past has been the lack of a structure for coordinated consideration of land-use issues; and most importantly, a way to make decisions. We believe the Development Framework will accomplish this.
WHY SHOULD WE ATTEMPT TO MANAGE GROWTH AND DEVELOPMENT?

by
Bruce K. MacLaury
President
Federal Reserve Bank of Minneapolis

The syllabus for session I lists five questions. I will address my remarks to the fourth of these, namely, "Why not continue as we have in the past, letting private enterprise and the forces of supply and demand determine the direction of growth?"

My remarks will be running "counter-goodform" in at least two respects: 1) instead of concentrating on our own metropolitan area or on the dynamics of urban growth--areas in which I must defer to the expertise of others--I wish to apply the question at a more general level; and 2) I will assume the role of a proponent of market forces.

With that, let me turn back to the question and as a first cut give half an answer on the grounds that we have before us only half a question.

The answer is that "We can't." We can't continue relying on an unfettered free-enterprise system to determine future patterns of growth because such a system does not now exist and never has existed. Governments have historically taken an active role in economic development. Moreover, we have been continuously changing our institutional setting to plug up some of the "leaks"--real or imagined--that have prevented the unfettered market from attaining the best results.

So, as a second approach, recasting the question somewhat, I want to answer: "We can." We can continue as we have in the past. Moreover, we ought to continue as we have in the past. Expanding this answer into an affirmative proposition I want to argue that we ought to continue relying primarily on a private economic
system, supplementing it through government action in those cases where the potential gains from government intervention can be firmly established.

This proposition, so stated, is the general guiding principle I advocate. It should apply to national growth and development issues as well as regional, state and local ones.

Underlying it are two key normative premises:

1) the approach takes maximum advantage of the inherent efficiencies of a decentralized decision-making system. It derives its power by harnessing, rather than blunting, the self-interest and private motivations of individuals.

2) the approach suggests that the burden of proof falls on the planner, or proponent of managed growth to:

- ask why the market hasn't worked,
- examine how proposed intervention will work, and
- make a comprehensive assessment of the benefits and costs of intervention.

At the most general level, our task is to determine the proper balance between public and private decision-making. In seeking this balance, we might first note that conceptually we have two alternative systems available to determine how resources are to be used. One is the price system. The second is the political system. Both systems are used to allocate scarce resources to produce needed goods and services. Both systems influence the investments which will determine future patterns of economic growth. And, at least conceptually, both systems are ultimately responsive to the wishes
and desires of individual citizens. In the price system consumers influence the allocation of resources through the dollars they spend on different types of goods and services. In the political system, individuals influence policy choices and resource allocations through the votes they cast for their elected representatives.

The important questions then become: Which system is more effective in determining the—in some sense—proper allocation of resources? Or, more directly to the topic of economic growth, since the capital investments made today will determine the course of economic growth in coming decades, what should be the proper role of the public sector in determining the types of investments which are made?

To understand the current and the future role of government, we might first look to the past. In our history we have moved from a situation which closely approximated the laissez-faire economy of Adam Smith to a system in which government is actively involved in the economy at all levels in the federal system. One might ask: Why have governments felt it necessary to intervene in the private economy at all?

A simple answer is that such intervention is due to dissatisfaction with the market outcome: the bundle of goods and services being produced by the free-market system is in some way different from the bundle of goods and services which consumers want. In a sense, government action arises out of market failures. As the old saying goes, the government does for the people those things which they cannot adequately provide for themselves.
But our simple answer is not altogether satisfactory. For we immediately face other, more specific questions: How severe must a market breakdown be before government action is justified? Can we in some objective sense define the legitimate role of government in a free-enterprise system? What specific types of goods and services are best produced by governments?

It seems natural to us that some goods—economists call them public goods—can be more efficiently provided through collective action than through individual action. In such cases the collective benefits might be relatively great but the benefits of any one individual are so small that the public good would not be provided at all without collective action. Defense expenditures are perhaps the nearest thing we have to a pure public good.

But such pure examples are relatively rare. In identifying public goods there is a vast grey area. Some goods are provided both by governments and by the private sector (housing, medical care). Other goods that are provided by governments might conceivably be provided by the private sector (education)—and vice versa.

Local governments have historically provided for fire and police protection, sewer and water systems, and health and educational facilities. These items may have some of the characteristics of public goods, but need not necessarily be provided by the public sector. For instance, inadequate police services in some modern cities have led citizens to purchase their own guns—in effect a substitution of private police services for public services.
The pure public good is really an extreme example of a group of market imperfections which we call externalities. Externalities are by now a familiar concept. External pluses occur when one's actions result in benefits for which one cannot expect full compensation (e.g., education). Conversely, external minuses occur when one's actions result in costs for which one is not liable. Thus, in the former case, too little of a good or service may be produced, simply because the individual cannot capture compensation for the social benefits of his actions. In the latter case, there is a tendency to overproduce (e.g., autos) insofar as individuals are not bearing the true costs of their actions. Today, economists and planners--are increasingly aware of ways in which externalities pervade the economy, and increasingly, the existence of externalities provides a rationale for more government action.

Certainly I need not remind metro planners of the complexities of modern industrialized urban centers. Indeed much metro planning is devoted to "internalizing" the diseconomies which are external to any one municipality. Moreover, externalities play a prominent role in the growth and/or decline of cities. The mere fact that cities consist of dense concentrations of people mean that the actions taken by any one individual or firm will create unintended costs and benefits for others.

Businessmen are aware of some externalities or spillover effects. Modernizing one store will very likely improve the sales of surrounding stores. Conversely, the physical deterioration of some establishments in a core city no doubt reduces the attractiveness of an entire business locality. And the failure of one homeowner to improve his property may hasten the decline of a neighborhood.
hood and the subsequent flight to more distant suburbs.

There are still other areas in which the market mechanism may break down. Some have argued that the market, left to itself, may not adequately allocate resources between present and future generations.

Clearly, tomorrow's citizens--the persons not yet born--have a stake in the way that resources are allocated today. Equally clearly, tomorrow's citizens have as yet no dollar votes to cast in the marketplace. The result is that the market economy may take a short-sighted view of the needs of its citizens. Current consumption may be biased upward at the expense of future generations. A society's depletable resources may be used too quickly. Or its land base may be used in ways that unduly constrain the possibilities open to future generations. Our increased reliance on land-use planning is a direct response to the perceived needs of future citizens.

Another market imperfection--the final one on our list--is that monopoly elements may hamper the effectiveness of the market mechanism. In such instances, government action has typically come at the national level, rather than at the state or local level.

A final reason for government intervention--though not a response to a market imperfection per se--is to realign the distribution of income. Such intervention has been both direct, through the use of such tools as the income tax and indirect, through the use of specific subsidies such as low-income housing and food stamps.
Market imperfections are fairly common in our private economy. Some might go so far as to suppose that the existence of such market imperfections is a sufficient condition for heavier reliance on the alternative allocative mechanism. But such is not the case. For, in looking at the political system, we find that it, too, is subject to various types of inefficiencies and imperfections, some of which are very much like the imperfections in the private economy.

First, the political system probably uses information less efficiently than does the price system. In the market system changes in prices are relatively clear and unambiguous signals of changing consumer tastes or changing resource scarcities. But the signals in the political system are more ambiguous. The citizen's vote for a political representative may be interpreted in different ways by different people. Certainly there is little guarantee that the political system will be finely tuned to the changing needs and desires of individuals.

Second, there may be a mal-distribution of power in the political system just as there is an undesirable distribution of income in the private sector. For one thing, the votes of some have often counted for more than the votes of others because legislative districts were not properly apportioned. Supreme Court decisions and legislative reapportionment eliminated the worst abuses, though shifting populations would seem to demand continuous reapportionment if all votes are always to count equally.
Perhaps more seriously, special interest groups—which may be thought of as somewhat analogous to monopolistic abuses in the private economy—influence allocative decisions in the public sector just as in the private market economy. We need not cite in detail the abuses which stem from the legislative process. Suffice it to say that every special interest group has its own sacred cow. And, too often government action has merely served to mandate inefficiencies in the private economy. Moreover, since the government itself occupies a monopolistic position in our society, its own inefficiencies and actions may be less subject to competitive forces than are monopolistic abuses in the private sector.

Third, government actions themselves create external economies and external diseconomies, as any city planner is well aware. Locating a highway or airport at one site or another creates benefits for some citizens and creates havoc for others. Public parks may preclude private developers' plans. Decisions to renovate a downtown area may reduce sales elsewhere. Planners who have had to deal with these problems on a day-to-day basis could no doubt provide a lengthy list of additional examples.

Finally, the government itself may be ill-equipped to evaluate the trade-off between present and future generations. Just as in the private sector, governments may have difficulty in anticipating the future needs of society and the types of investments which can provide for those needs.
Of course, the private sector has also made its share of what we now consider bad investments, bad in perhaps both a private and a social sense. But since no one knows the future, the investment decisions made 20 years ago were not necessarily bad investments, given the information available and the existing values of society. Certainly, no corporation of a quarter-century ago was building its plants to intentionally pollute our lakes and streams. Instead, those investments were made in order to satisfy the perceived needs of the society, and it is not at all clear that decisions made by a government agency would have been any different or any better.

However, I would not argue that ours should be a laissez-faire economy, or even that government's current role should necessarily be reduced. Governments have played an important role in the past and will continue to do so. We know that there are goods and services which the public sector must provide, simply because they would not be provided by the private sector adequately or would not be provided at all. Moreover, we know that governments can play an important role in coordinating the direction of economic growth. Certainly this is true of metropolitan governments.

I repeat: our task is not that of choosing either a private economy or a planned economy, but is instead that of finding the proper balance between private and governmental decision making.

We cannot, of course, determine that balance in a fifteen-minute presentation. Nor are we likely to adequately define it
in the five sessions of this symposium. But still, I argue that finding such a balance should be our over-riding consideration, and while still on this rather conceptual level, I want to leave you with several thoughts:

First, the future is uncertain. Constructing elaborate growth plans does not mean that the plans can be implemented or that the plans will be accepted by the citizenry. Moreover, the technologies available a quarter- or half-century from now may permit reorganizations in our society which are now inconceivable. Given so much uncertainty, any planning that is undertaken should have flexibility as one of its key precepts.

Second, governments can misallocate resources just as easily as can private groups. There is not convincing evidence to suggest that fully-managed growth would have avoided many of the problems we now face. Indeed, in looking at a cross-section of the world's industrialized economies, they are all beset by the same economic and technological problems regardless of the degree of planning in their internal economies.

Third, I take it as axiomatic that there are inherent advantages in a decentralized decision-making system. To plan the future in meticulous detail—it seems to me—is impossible. The world is too complex and is changing too rapidly to permit precise management of economic growth. Thus, if for no other reason than by default, our society will likely continue to rely heavily on private de-centralized decision making.
A fundamental reliance on market forces already seems widely accepted. Indeed, in framing our analysis, what we commonly seek to do is to define the proper role of government in a market economy, not the proper role for markets in a planned economy.

Finally, given this orientation, I would argue that to justify government planning of economic growth, the burden of proof falls on the planner to establish what the gains from intervention might be. Legitimate intervention results only when the benefits of intervention are likely to outweigh the costs.

Briefly, in closing, let's apply these fairly lofty generalizations to the concrete problems of metropolitan areas. Even though my concluding comments are directed at an application of the principles I've argued, I have no definitive answers to offer to planners' problems and no specific recommendations to make about metropolitan planning. I deliberately—and I think appropriately—interpret my role in this opening session as one of laying out a broad framework and perhaps evoking from the ensuing speakers and from you, the audience, reflections on the fundamentals of a metropolitan planning approach.

In the metropolitan-local area setting, I can think of three—maybe more—categories of decisions in which private—as opposed to public—decisions have dominated much of our postwar development. These are housing decisions, transportation decisions, and business location decisions. In reality these decisions are obviously not independent of one another.
Let's look separately at decisions to produce a new housing unit—an investment decision, whether made by a tract builder-developer for sale or by an individual for his/her own use. Consider the "where" aspect of these decisions. In the main, thousands upon thousands of private, market-type decisions have created the metropolitan cityscape we see today—the suburbs and the exurbs. Urban sprawl is viewed by planners as it were a blight. The Metropolitan Development Guide proposes to constrain future private decisions by redesignating part of the potential "next tier" of development land as growth areas and part of it as no-growth areas. And according to some calculations made by the Metropolitan Council, that kind of planned restriction on private decisions could save $2 billion in outlays on municipal services capital facilities between now and 1990. Although it is not a point I will pursue here for lack of time, I will note that according to my earlier prescription, the projected $2 billion in capital savings would need to be compared to costs of constraining private options before we bring in the final verdict.

What is it about the private decisions in a metro context that might lead to bad results within the traditional neoclassical competitive model analysis? Certainly the projected $2 billion dollar "waste" of public capital that would occur through continuing urban sprawl in our metropolitan area suggests—though it does not unequivocally establish—the degree of market breakdown which might result from private decisions.

To pursue our example, the market breaks down in fact because
residence are very substantial. The initial cost/price of a residential unit has not ever included all of the costs to the community of building that unit. For illustration the following kinds of costs are actuarially inevitable increments to social costs, but typically are not part of the market calculus at the time a private decision is made (view these, of course, as present-value computations of resource outlays that will be required over an extended period as a consequence of the decision to construct a particular unit).

- Incremental expenditures on additional school facilities to service the unit in the future.
- Incremental cost of additional municipal services.
- Incremental costs of providing new public roads and highways.
- Increased costs imposed on prior users of roads and highways due to increased congestion.
- Social costs of increased loss of life and property due to more highway traffic.
- Loss of open spaces; aesthetic costs.

While I know of no creditable estimates of the magnitudes of these social costs that escape the market pricing mechanism, I would guess they are very substantial.

Now suppose we are able to determine in some reasonable way the incremental costs of these external diseconomies and that, further, we include these costs in the market price of a new home. One result of such an action—I would conjecture—is that
metropolitan cityscape would have been vastly different from what it is now. The costs of turning suburban farmland into residential units would be very much higher than in fact it has been and very much less of it would be done while the costs—at least relatively speaking—of building or adding residential units in established areas (including inner city areas) would be very much less—and much more of it would be done.

I'm willing to conjecture that the end results in a general way would have been similar to those sought by the Metropolitan Council's Guides to growth.

This, of course, is hypothetical. I cannot argue that a practical means can necessarily be devised to bring into the market calculus those currently unpriced elements. But if we scrutinize the Metropolitan Development Guide plan alongside the "market solution" I think we can better weigh the loss of options to individual choice that planning by political authority inevitably entails. The use of a system of "development rights" discussed in some of the Council's publications goes part way toward restoring some options lost under a growth/no growth arrangement but it still does not approach the number of individual options available under an open market regime.

We could continue on in the same vein to look at decisions on transportation services, and I think we would agree that some enormous external diseconomies are attendant on the private decision by individual to buy (and operate) automobiles. And I think we would similarly be led to observe that if we could
produce a full social-cost pricing of private automobile travel, we could at once achieve some of the fundamental land-use objectives sought by Metropolitan Development Guide planning and at the same time preserve a maximum of options open to the liberties of individual choice.

Urban renewal is another decision area that I think is also amenable to this kind of an analysis.

In sum, then, this analytical exercise may contribute to our review and evaluation of metropolitan growth policies in two ways: first, it may stimulate us to explore some possibilities for market correctives that may—at least in part—be translatable into practical elements of a metropolitan program; and second, it may provide a useful discipline to the evaluation process we apply to metropolitan and local area planning as new programs unfold.
BALANCING GROWTH . . . ON THE FRINGE AND IN THE CORE

by
Ted Kolderie
Executive Director
Citizens League

I appreciate the chance to present in this symposium a few of the central ideas in Citizens League reports about metropolitan development over the last 6-8 years.

The League formed, in the fall of 1967 -- immediately following the Legislature's creation of the Metropolitan Council -- a committee to look at the metropolitan development guide which everyone then expected the Council would quickly produce. Interestingly, the conclusion of the committee was that it was impossible at that point to move directly to the question of what the symposium today calls "managed growth." We found, rather, that the metropolitan area really had no capacity to carry out and to implement any development strategy . . . and we concluded that it was essential first to develop those organizational structures through which any council policy or strategy could be made effective. We said this to the community in a report in October 1968.

Since that time most of the effort has concentrated on the development of the "operating" side of the government in the Twin Cities area. This is a job that has now been substantially -- successfully -- concluded. We have found in this area that it need not require the abolition either of general local governments or of the special purpose districts, each of which can do a good job of carrying out the mission to which it has been assigned. Rather, it has been a matter of developing -- in everybody's understanding
and in law -- the proper relation between the Metropolitan Council, as the central policy body, and all the various agencies (state, regional, county, municipal and private) which build projects that are -- as we now say -- "of metropolitan significance." Some new regional operating agencies -- such as the Sewer Board -- had to be created. Others -- such as the existing Metropolitan Airports Commission, the Metropolitan Transit Commission -- had to be brought under the Council's policy direction. This has not been easy, as everyone is aware. But ... particularly with the passage of the Metropolitan Reorganization Act this year ... it has been substantially completed. We now have, as we have sometimes put it, essentially the arrangement used in the building of any major development project -- say, the IDS building. Most of the work is going to be done by established sub-contractors, each of which builds one of the systems that goes into the total development. In putting together the IDS Building it is unthinkable that the sub-contractors could work with total independence, each according to its own plan. There simply is no concept of a "best" plumbing system, or electrical system, or heating-ventilating system ... just as on the job of metropolitan development there can be no concept of a "best" sewer system or transit system or open space system. In both cases the systems must be designed in terms of the building of which they are a part, so that they fit to it and to each other. And for this purpose they must be coordinated effectively by a general contractor, architect and -- ultimately -- client.
With this substantially accomplished, the community is now ready for the question: What shall be the design of this metropolitan development?

Why Manage Growth?

In this analogy the case for centrally managing development might seem obvious. All of us have been made aware, though, particularly from the studies of John Borchert and the other urban geographers, that there has been a rationality about the development pattern in the Twin Cities area, even without any significant element of central management. Out of many decisions by many builders, public and private, there does develop a very real logic to the way in which residential areas and employment centers and commercial facilities and transportation facilities are arranged. There is great continuity and orderliness . . . with changes occurring gradually over time, as a result of changes in transportation technology or the economic function of the Twin Cities area.

We see three basic justifications for increasing the central management of this process.

1) Certain key decision points where real alternatives are presented do occur. Many, if not most, of these do involve public decisions. It is possible to anticipate their consequences. It is desirable to discuss the costs and benefits . . . the values . . . involved with these choices. We think it is possible, at least, in an area such as the Twin Cities, to exercise some conscious control over the shape of the future, rather than leave it entirely to the operation of some unseen hand.
2) It is very difficult to deal with the environmental considerations without some kind of central public role. Most of our experience suggests that under the traditional arrangements for development, the preservation of open space, the preservation of the scenic beauty of the area, and the preservation of needed groundwater recharge areas, the preservation of flood plains . . . are all driven to the background in the absence of some strong public voice representing these aspects of the decision.

3) Development is no longer a private matter, and no longer a matter affecting only the local jurisdictions or the individuals engaged in construction on the outer suburban fringe. As our most recent committee on urban sprawl pointed out, the Twin Cities area has, in recent years, moved a long way toward a system in which a high level of urban services will be provided to everyone in the area with the cost pretty much spread across everyone in the area: roads, from the gas tax; telephone lines, out of what is reported to be the largest toll-free dialing area in the world; electric facilities; transit, on fares less and less related to distance; schools, in whose cost the state now, for the first time, participates. There is therefore clearly a regional influence in decisions made about the location and density of development as the area grows. Real questions of equity are raised which must be discussed within an areawide framework.

* * * * * * * * *

Against this background let me mention very quickly some of the
The interrelation of the two "fringes" of development

It is absolutely fundamental, we think, not to view "metropolitan development" solely in terms of the new construction visible on the outer fringe where subdivisions and industrial parks are extending on to the open farm land. We must also see clearly the less visible "inner fringe" of re-building moving outward from the old urban cores -- particularly central St. Paul and central Minneapolis -- as new and usually higher density residential developments and new office buildings move onto land presently covered by the old houses and commercial structures built 100 years ago. Most fundamentally, we must recognize that what happens on the outer suburban fringe directly relates to what happens or does not happen on the inner fringe. These two are in a real sense in competition with each other, and the outer fringe has a critical advantage -- simply in the facts that buildings do not have to be demolished, people do not have to be relocated, and all the facilities can be new and probably more efficient. The metropolitan area adds a certain number of housing units, so many square feet of commercial space, and so many square feet of industrial space per year. We are going to have to think about how it is allocated. We have to understand -- as Anthony Downs has pointed out to officials in HUD -- that there is a relationship between the rate of new housing construction in the suburbs and the rate of housing abandonment in the central cities. What, specifically, do we want that relationship to be?
Housing is the real "shaper"

It was the conclusion of the League committee that the big regional facilities -- transit lines, freeways, sewer interceptors, shopping centers -- do not "lead" development. Rather, what leads is the residential land use decision. If people go out into the countryside and build homes, they need services . . . and if they get in trouble (say, with polluted ground water) the services will be, and in a real sense must be, brought to them. Controlling residential development is a very different ballgame -- politically and in other ways -- from controlling the timing and location of a few major metropolitan facilities. Most important, it means a vastly greater involvement with municipal government. But, this seems to be the way it will have to be done.

Coordinated capital budgeting

It will be essential, it seems to us, to move toward the concept of a coordinated capital budget immediately. This will mean both the scheduling of projects and the scheduling of financing. At present, each system comes up for decision separately. There is no way that each part of the metropolitan area can have a park every year . . . or a major road improvement every year . . . or major transit construction every year . . . or a new sewer every year . . . at least not without degrading the program by building little pieces of things all over the place that never add up to anything substantial. There must be, it seems to us, a single document laying out for any given year and all in one place the complete package of improvements: everybody
will not get the same thing, but everybody will get something. Politically, this will fundamentally change the trade-offs so that compromises can be made between and among programs rather than simply within the context of a single program.

Who does what?

The development process is too complex to be totally "controlled" -- at least centrally. The operations must be decentralized. Only the most strategic decisions can be made centrally. Many of the municipalities have run strong land-use and development programs: what is needed is simple to fit them into the larger context of regional policy. The municipalities -- like the MAC, the MTC and other special districts -- will have to take their basic direction from the Metropolitan Council. But this direction should apply only to things that really are of metropolitan significance. And -- past this point -- decision-making and the operation of the development system should be in local and private hands.
WHY SHOULD WE MANAGE OUR METROPOLITAN GROWTH?

by
Robert Hudnut
Executive Director
Minnesota Public Interest Research Group

Why should we manage our metropolitan growth? For four reasons. First, because reason dictates it. There will be 2.9 million residents by the year 2000. Forty-one percent of the sewered land is available for development. Three-hundred-forty thousand additional housing units will be needed by the year 2000. There is enough vacant land within and near the beltline to accommodate all the projected population increase—and at densities of no more than three housing units per acre.

Second, because we are already managing our growth and we could manage it better. It is being managed by Dayton's. It is being managed by 3M. It is being managed by Zayre. It is being managed by the Highway Department. It is being managed by every city council that ever looked with ravenous eyes on an expanded tax base.

Third, because that kind of management has not always taken as close a look as it should at the environmental impact of the growth it sought to manage. Look at East Bethel, where a developer was all set to go even though there was no comprehensive municipal land use plan. Look at Roseville, where a shopping center had been OK'd by the local planning commission with hardly a glance at environmental impact. Look at Lakeville, where it was projected to triple the effluent load on a treatment plant already operating at four times intended capacity.

Fourth, we should manage our metropolitan growth because democracy demands it. Too long has the public been excluded from the planning
process. Too long has planning been left to the special interests. Too long have we tacked citizen participation on at the end of the planning process as a sop to public involvement at best and an attempt to co-opt the public at worst.

It is time to bring citizens in at the beginning of the planning process and it is time to bring them in in meaningful numbers. The old citizens advisory routine is out. The citizens have no constituencies and the advice has no clout. It is rarely staffed and seldom more than routine. Invariably it is reactive rather than creative. It is a precise index of the contempt in which we hold our fellow citizens. And it is, of course, the Achilles heel of democracy.

I propose the concept of pre-eminent domain. All planning must square with the values of citizens at the precinct level. If it doesn't, then the planners can go back to the drawing boards. No land may be taken which does not square with those values. If it does not square it is not taken, at least not until a full-scale attempt has been made to accommodate those values.

How are the values registered? It is not enough to assume their registration by seven people representing a constituency of 40,000. Witness Oakdale where 3M, with plans for an office complex larger than its complex on I-94 in St. Paul, has the city councilmen entranced and the surrounding public up in arms. Witness Hugo, where a gun club is roaring in on a fusillade of city council votes while the citizens for miles around are trying to shoot it down.

Each political caucus, meeting in alternate Februaries, can nominate three candidates to run for a Precinct Land Use Board.
Nominations can then be left open until September. Anyone can run. The top seven, elected in November, become the Precinct Land Use Board.

The Board holds monthly open meetings. It is staffed by the city engineer. It votes on every land use recommendation from the municipality, the Metropolitan Council, the Highway Department, and the Army Corps of Engineers. We are always talking about bumping land use decisions up to higher authorities. It is time to start bumping them down to lower authorities—if, that is, we believe in the principle of citizen participation. The Board then leaves the pools open during the course of its monthly meeting so that anyone who resides in the precinct may vote. Remember, it is pre-eminently their domain. They live there.

If a land use recommendation is defeated, the staff from the metro council or from the municipality meet with the Precinct Board to try to accommodate the difference in values. If the difference cannot be accommodated, the decision of the higher body is sustained, unless a majority of the precincts in the affected area vote against it, in which case the higher body must prove its case by taking it to the people in a referendum. By the same token, of course, the Precinct Land Use Board can present its own ideas to the higher bodies, thus playing the creative as well as the reactive role.

Now it will be objected, of course, that pre-eminent domain is a throwback to feudalism, with each precinct throwing up the barricades around its own turf. And that may very well be. But that, it seems to me, is precisely the risk we have to run if we are going to be
serious about citizen participation. Furthermore, it is not at all clear that citizens at the grassroots will vote for the grass and not for the roots, that they will be myopic, parochial, not see the big picture, and so on. That has yet to be demonstrated. To assume that the higher your office the broader your outlook is to make quite an assumption, particularly in these days of Watergate.

It will also be objected that this proliferation of yet another layer of government is the last thing we need in the days of Parkinson's Law, the Peter Principle, and the legislative inertia quotient. But that is simply the conventional wisdom. In the first place, the Precinct Land Use Board is not so much another layer of government as a mechanism for recording the sentiments of the people, which is presumably what democracy is all about. In the second place, the so-called proliferation argument is one of those shibboleths which relieves us of the need to think. Indeed, it is precisely proliferation that we want in order to make land use decisions both informed and effective. That is why the Metro Council Committee on Physical Growth is taking its dog and pony show around the seven-county area. They want citizen input. Remember, the lack of citizen involvement is the Achilles heel of democracy. We leave the government to the governors.

It will also be objected that the Precinct Land Use Board is no different from the local zoning commission. On the contrary, it is quite different. It is closer to the people. It is elected. It has therefore accountability. It has power. It is not ridden with special interests, unless, of course, the electorate wants it to be.
It will be objected that land use decisions are sophisticated decisions and they need people with intelligence and time to make them. That, of course, is the elitist argument at its worst. Remember, we are registering values in such decisions and no one has a corner on values. Furthermore, it is an insult to the common person to assume that he or she has neither the time nor the intelligence to understand what is being proposed for the management of growth in his or her own backyard.

It will be objected that the Precinct Land Use Board is too costly. Far from it. Can you think of a better way for a city engineer to spend his time? Can you think of a better way for the staffs of city planning commissions to be spending their time than going out and consulting not only with but for the people?

It will be objected that if you do this for Land Use at the precinct level you will have to do it for everything else. Not necessarily. Land use is the no. 1 issue in 1974, aside from inflation. And so what if you did have a Precinct Tax Board, and a Precinct Police Board, and a Precinct Water Board? Maybe that's not such a bad idea for democracy at all.

It will be objected that people are already represented by their city councils and that we should not be messing around with republican government. We're not. As we have seen, this is simply an attempt to make representative government more representative, to get people into the process, to make them feel included, to give them a piece of the action, to give them a say in the decisions which so dramatically affect their lives. In a word, it is an attempt to make democracy work.
In conclusion, I would suggest an immediate moratorium on any land use plan which did not secure majority precinct approval. I would suggest the same moratorium on any precinct plan which did not secure the higher body's approval. In this way we can humanize the system and democratize the process. We can give expression to what Madison called "the great variety of interests, parties, and sects" which make democracy work. And we can, in Hamilton's phrase, restore the "vibration of power" which is the genius of our system.
University of Minnesota
WORKSHOP ON METROPOLITAN GROWTH

Session 2

Wednesday, October 23, 1974

What Are the Economic Consequences of Managing Growth?

Will it increase or decrease housing costs?  Will it limit the individual's right to buy, sell or use his land?

Will it create more or fewer jobs and business opportunities?  Will it increase or decrease land values?

Will it make transportation cheaper or more costly?  Will it provide greater efficiency in use of resources?

Will it favor the outer fringe as against the inner city?  Will it enlarge or limit locational opportunities for new business?

Will it help meet the energy problem?

Session 2 Keynoters:

E. Peter Gillette, Jr.—Vice Chairman of the Metropolitan Council and Council member since its establishment in 1967. Member of the Physical Development and Personnel Work Program Committees of the Council. Executive Vice President, Northwestern National Bank of Minneapolis.

Philip M. Raup—Professor, Department of Agricultural and Applied Economics, University of Minnesota. Specialist in land economics, land tenure and world agricultural development. Consultant to many world, national and state commissions on land and water use and economic development. Author of many publications on land use, agricultural economics and related subjects.

J. D. Smith—Vice President and Assistant to the Chairman of Knutson Companies, Inc. Mr. Smith is substituting for Don Knutson, President and Chairman of the Board of Knutson Companies, general contractors and mortgage bankers, developers of the Minneapolis Gateway Center.

Robert Roscoe—Member of the Seward West Project Area Committee and initiator of the Milwaukee Avenue Historic Site Project. Architect in training. Mr. Roscoe is substituting for Tony Scallon, former President of the Seward West PAC and former head of the Citywide PAC's, and teacher, Sibley High School, Mendota Heights.
WHAT ARE THE ECONOMIC CONSEQUENCES OF GUIDING GROWTH?

by
E. Peter Gillette, Jr.
Executive Vice President, Northwestern Bank
and
Member of the Metropolitan Council

Pertinent Facts Related to Economy of Area

I would like to begin by briefly identifying several facts that are pertinent to a discussion of economic consequences of guiding growth:

Population

Our current estimated 7-county population of 2,026,959 is forecast to reach 2,560,000 in 1990.

Housing and Employment Needs

Based upon these projections, the need for housing and jobs by 1990 is quite predictable because those who will need homes and employment are alive today.

The Area will need to construct approximately 465,000 new housing units between now and 1990. That is about equal to the number of units in the Metropolitan Area in 1960.

Total employment of 870,000 will increase to 1.1 million in 1980 and 1.3 million in 1990, an increase of about 479,000 new jobs.

Housing Costs

Housing costs in this Area are extremely high compared to the rest of the nation: the average cost of a home is in the top 20 percent of major metropolitan areas and we live in the
13th most expensive urban area in which to rent. In 1971, 85 percent of the Area's households could not afford the average-priced new single-family home ($38,500), and 50 percent could not afford to rent the average-priced new apartment ($211).

**Employment Distribution**

Employment has dispersed from the central cities. This trend began in the 1950s and accelerated between 1960 and 1970. The dispersal of employment, like that of population, has been tied to the highway system because major employment concentrations locate near major highways. However, since major industrial and commercial development cannot take place without sewers and other urban services, employment has not dispersed over as large an area as residential development.

Comparisons of 1970 and projected 19990 employment concentrations illustrate the direction in which we are headed if current trends continue. The number of new employment concentrations are expected to spring up outside of the 494-694 beltline between the years 1970 and 1990.

The concentration of employment also increased during the 1960s. In 1970, 75 percent of the region's employment was in concentrations of 2,000 or more. If current trends continue, this will increase to 82 percent by 1990.

**Density of Development**

The lack of physical barriers such as mountains or a sea coast and an abundance of natural amenities have encouraged
sprawl in the Area. Of 25 major metropolitan areas, the Twin Cities is 23rd in density. It is developing at an increasingly lower density.

Scattered development is becoming more common. In 1972, 11.6 percent of the building permits in the Area were issued in the rural area. About 28 percent of the permits for single-family homes were issued in the rural area in 1972.

Proposed Development Framework Policies

The Physical Development Committee of the Council has been formulating policies for public response, and further implementation studies. In doing so, we have divided the region into five development areas:

The Downtown Areas of Minneapolis and St. Paul

Our policies would support continued growth of the two downtowns as financial, office space, employment, cultural, entertainment, and accommodation centers. Encouragement would also be given to the development of medium and high density residences for a full range of incomes, creating a 24-hour day living environment in the downtowns. Programs should be designed to reduce noise, air, and odor pollution problems and to protect riverfront areas.

Fully Developed Central Cities and Suburbs

Our policy here is to maintain confidence in the structure and neighborhoods of the central cities close in suburbs in order to attract private investment and encourage long-term stability of these areas.
Areas of Active Urbanization

In areas of active urbanization, development should take place only on environmentally suitable land which is served by metropolitan facilities. Urbanization should take place in clustered communities adjacent and contiguous to existing built-up areas.

Rural Area

Here our policies would seek to maintain to the fullest extent possible, the rural character, agricultural base and prime agricultural land of the rural area.

Freestanding Urban Growth Centers

Freestanding urban growth centers are an alternative to the large city living and to scattered rural non-farm development. They should accommodate a moderate rate of growth compatible with public investment and the economic base of these communities.

Economic Consequences of Unplanned Growth

The current bounds of our Metropolitan Area go somewhat beyond the I-494-694 beltline. If current trends continued the urbanized area would cover an enormous amount of area by 1990. Our conclusion is that failure to respond to this prospect by adequately planning for growth and development will have several negative impacts on our quality of life.

1. Larger than necessary public investment in urban services would be required.
2. A development pattern would be produced that required large expenditures for automobile transportation and unnecessarily high use of energy and fuels.

3. Precious environmental assets would be wasted or held for private purposes to the exclusion of the public use and enjoyment.

4. Pollution of water supplies would result due to inadequate sewage disposal regulations, septic tank standards and industrial waste discharge standards.

These are not just problems of the past—but current problems that are growing in intensity. For the most part, we can probably continue much as we have in the past, i.e., let the private market forces of supply and demand determine growth. But, we strongly urge that some modifications are needed because of changing conditions:

1. Public decisions create market conditions and, in many cases, have resulted in restrictions on land use.

2. There are simply more people, more households and more jobs today than in the past, so land-use decisions today are more complex and have greater impact.

3. If our valued lakes, woods, river and other amenities are to be protected, some public controls and restraints must be exercised by public agencies on the private market.

Two Major Issues

Will Costs for Housing Increase or Decrease?

While encouraging a growing economy, a regional Development Framework is directed to help metropolitan residents have
Metropolitan Area are already extremely high. The principal reason for scattered development in the rural area is availability of relatively low-cost housing. Rural housing costs are initially lower because of the lack of urban services such as sewers, water services, parks, and schools. However, as the population increases people begin to need these services, and they can only be paid for with a small tax base resulting in higher individual taxes. Frequently, residents must replace their septic tanks and wells with sanitary sewers and public water, and thus pay twice for the same systems. In the long run, therefore, housing in the rural areas can be more expensive if growth is not guided.

It has been speculated that our proposal will increase the cost of land and therefore increase the cost of housing. Let's look at cost of housing.

As this illustration shows, it is important to keep in mind that the original purchase price is only 23% of the total cost of housing.

Also, within this total cost, on a monthly basis, we find that raw land is an extremely small amount. In this example, it is only 2.30% of a $119.39 monthly payment.

We are suggesting a method and policy that should not have the effect of forcing housing to compete for an inadequate supply of urban land, nor should it force any significant shift in the total number or the type of housing constructed. It is important to keep in mind that a supply of land with
urban services is limited. This is true whether or not it is pre-planned or merely results from the random supply of services that happen to be in the ground at any one point in time.

We believe that the following policies are important for the Area's growth planning:

1. The need for urban land should be looked at, both in the aggregate metro-wide and by geographic sector. Sufficient land should be planned for urbanization in each sector to accommodate the projected growth in that sector. The result of this is to preclude guided growth from forcing major shifts in geographic markets.

2. In each sector an overage of served land should be planned to provide market flexibility and choice.

3. It should be recognized that a major purpose of guiding growth is not to restrict urbanization but to make sure that the investments in services are made in sufficient amounts to provide for the economic growth of the metropolitan area. In other words, we are not planning for restricted growth - we are planning for a timely and orderly expansion - adequate to meet needs.

4. Monitor the results.

One effect of this philosophy can be that more land with a full set of services is available for housing than otherwise would
be. However, for this system to work local communities must also provide for growth. Those communities on the fringe of urbanization must perform the planning and provide the investment necessary to accommodate regional growth.

Will Guided Growth Provide for Greater Efficiency in Use of Existing Investments?

The potential financial cost of our current development pattern is enormous. It has been estimated that if current development trends continue it will cost municipalities, counties, and regional agencies about $2.7 billion between 1970 and 1990 to provide selected public services for new development. This includes only costs for roads, storm sewers, sanitary sewers, and water service. However, if the need for new facilities were minimized under a guided growth plan, the capital cost for expansion of these public services could be reduced to about $700 million, a savings of more than $2 billion.

If we divide this by the projected increase in number of new housing units, the result is a public savings of $6,000 per new unit of housing.

These costs of new development are not paid by only those persons moving into the rural area. Instead, many of them are shared by everyone in the Metropolitan Area. The cost of present trend to existing houses or apartments could be 4 times greater than under guided growth. Furthermore, many communities are now paying for their public services with a smaller tax base than they expected because the growth which
they expected has not occurred. Their utilities are serving vacant land while less developed communities are being forced to duplicate those unused services to serve the people who have moved to the rural area.

Development in the urban fringe requires public money that could be used to stabilize or even lower costs in the existing suburbs and central cities where there is already a substantial public and private investment. While the population of the rural area is growing, that of the central cities and some suburbs is declining. These areas face the problems of neighborhood deterioration and crime, and they are becoming the homes of the poor—both young and old.

Regardless of the specific figure, the point comes through quite clearly that substantial resource savings can be achieved. These also flow into possibilities of more efficient private transportation and reduced risk for private enterprise because of the greater knowledge and assurance of the way the public will provide services. It is not our intent to reduce or increase the numbers of jobs and business opportunities in the metropolitan area; our proposal, insofar as it enhances our overall quality of life, should have a positive effect. Our proposals could slightly limit the locational opportunities for certain business and industry, however, insofar as these enterprises must, by their own nature, locate on the transportation and sewer networks, we are proposing again a very adequate supply of land for these
services, perhaps greater and better served than would otherwise result.

V. CONCLUSION

If growth is going to take place, should we let it continue as it has in the past? Or is there a role for the public sector determining the pattern of this growth? We feel that in the future both the private and public sector would be better off if they generally agreed upon a plan for accommodating our growth—a plan that assures that adequate land is provided with services before and as the growth takes place. We believe this will lead to savings for both the private and public sector.
WHAT ARE THE ECONOMIC CONSEQUENCES OF MANAGING GROWTH? *

by
Philip M. Raup
Dept. of Agricultural and Applied Economics
University of Minnesota

Any estimate of the economic impact of managed urban growth must begin with an evaluation of the economic roots of existing growth patterns. There is no inevitability in the type of urban growth we have experienced in the past half-century. It has clearly defined causes. It is the result of policies both intentional and unintentional, and these can be changed. What are these policy measures that have generated the urban explosion?

At the outset, it should be clearly recognized that we have subsidized urban expanasion in many and sometimes subtle ways. The most powerful and pervasive subsidy is created by the manner in which we finance roads and highways, and determine where they will be built. The taxes that finance highways (principally on fuel and tires) are a linear function of distance traveled. If one vehicle travels twice as far in a year as another one, it generates on average twice as much motor vehicle tax revenue. In almost all states and up to the present moment this revenue has been preclusively earmarked for expenditure only on the construction of more miles of road.

The cost of highways, in contrast, is a non-linear function of congestion. To upgrade a two-lane highway to four lanes more than doubles cost. And to build an eight-lane roadway much more than doubles it again. Revenue is a function of distance traveled, while expenditure is a function of traffic density, or of distance and time.

*Summary statement prepared for workshop on Metropolitan Growth, University
The inevitable consequence is to concentrate the land-value increasing forces created by new road construction in suburban areas. A gigantic transfer of income and wealth results, and the beneficiaries are the suburbs and exurbs—the lands just beyond the existing urban fringe. We use traffic counts to determine the demand for more roads. This builds in a self-generating mechanism that insures that expenditures to satisfy the demand for highways can only generate more demand. In terms of increases in land values and geographic area affected, this is the most important way in which public policy has directly subsidized the suburbs.

There are other more indirect but no less significant ways. Our housing policies exercise a powerful stimulus to the demand for single-family detached houses, requiring substantial areas of land. The provisions of the "G-I Bill of Rights" after World War II gave a preferred status to borrowers who sought to build single-family homes. Savings and Loan Association policies have reflected this preference until quite recently. The transfer of risk from initial lenders to the federal government, made possible by several types of mortgage insurance, added a still more indirect but massive subsidy to homebuilders whose demand for shelter included a maximum demand for associated land.

Income tax policy also creates an unintended but very large subsidy for those who choose to build in the suburbs. By permitting deductibility of interest on borrowed funds in computing income tax liability we give added purchasing power to those in higher income brackets who can afford to buy space as well as housing. The higher the individual's income and amount borrowed, the higher the rate of
subsidy. To a lender, increasing lot sizes add disproportionately to the attractiveness of mortgage loan applications. The historically valid assumption is that the land will increase in value over time at a higher rate than will the structure on it.

Another aspect of income tax policy is less clearly understood. The major tool of federal revenue sharing with local units of government until quite recently has been the authority to issue tax-free municipal bonds. The federal government forgoes revenue, but the municipalities that benefit most directly from the subsidy are those that will borrow. The history of voter-approval of bond issues in the past thirty years shows clearly that the majority of approved bond issues are in newly developing areas. It has been extremely difficult to secure voter approval of new bond issues in core cities. This subsidy, estimated at 2.5 billion dollars in 1971, has gone primarily to the suburbs.¹

In another dimension income tax structure bears a heavy responsibility for existing urban growth trends. By taxing earned income at a progressive rate and capital gains at a flat rate, we guarantee that wealthy buyers can bid the highest prices for lands that are expected to enjoy capital gains. By permissive accounting procedures we insure that large firms are given the greatest tax-based incentives to enter

¹ The cost to the U.S. Treasury was estimated at $3.3 billion, from which state and local governments derived a benefit (from lower interest rates) of only $2.5 billion. This is a result of the progressive nature of the U.S. income tax structure and the fact that there are not enough high-income tax payers to buy all of the tax-exempt bonds. They must therefore be priced at higher rates to attract buyers from lower income brackets. The subsidy is not only concentrated in the suburbs, but it is "inefficient", in that benefits are less than costs in a total social accounting sense. See "An
the housing market. Accelerated depreciation rules and investment credits were adopted to attract capital into socially rewarding investments. The principal beneficiaries are high-income investors. In the housing field, these measures were designed to create more shelter. This they have done, but they have been tax shelters and not habitations. Inflation has augmented these trends. High interest rates drive individuals and small firms out of the market, since our package of tax-based incentives is less valuable to those with low incomes or limited capacity to use financial leverage.

The property tax and our balkanized structure of local governments also promote urban sprawl. Above a certain level of low-density residential land use, property tax revenues exceed governmental costs. Viewed as a revenue-maximizing firm, an affluent residential suburb makes a "profit" from the property tax. This can be used to lift the quality of services (especially education) above the metropolitan norm, or to reduce effective tax burdens, i.e. a part of the "profit" is rebated to the property-owning shareholders in the form of lower taxes. In the ideal case, both goals can be achieved. Edina has one of the highest levels of services and one of the lowest tax burdens per $100 of market value of any municipality in the metropolitan area.

Conversely, as the density level increases, the central city begins to find the property tax "unprofitable". New households add more to costs than they contribute in property tax revenues. This creates an incentive for cost and revenue conscious municipalities to segregate themselves from the central city in order to capture the
profit-yielding features of the property tax. It discourages efforts
to fill in vacant areas and by-passed lands in the core city and
close-in suburbs.

This defect will defeat efforts to contain urban sprawl as long
as the property tax is a major source of municipal revenues and as
long as we permit municipalities to stake out claims to property tax
lodes in the same way we permit prospectors to stake out gold mining
claims.

The remedy is to tap both incomes and property for the support
of local government. We have made some heartening progress in this
regard in Minnesota, with our programs of state aids, largely
financed by income taxes. We may make still more progress if the
fiscal disparities legislation is faithfully implemented. But the
root of the problem will remain as long as we permit municipalities
to capture the benefits of a metropolitan location without paying a
fair share of total social costs.

Attempts to manage urban growth will involve the alteration or
reversal of these growth-inducing policies. We have built this growth
on the expectation of continuous capital appreciation. We have also
built our existing urban structure on an assumption of a continuous
supply of cheap energy. We have used cheap fuel as a substitute for
time. In retrospect, it turns out that gasoline is our most dangerous
habit-forming drug. The management of future growth will thus take
place in an economic climate in which we must question the most basic
assumptions underlying our past growth record.

The true enemy of managed growth is inflation. When growth is
based on inflation, conventional economic analysis becomes perverse.
Real estate takes over some of the functions of money and becomes a haven for scared capital. As long as inflation is expected to continue, loans can be repaid with depreciated dollars. Interest rates lose their functional ability to guide investments. Investors are less interested in annual net earnings and focus primarily on inflationary capital gains. Property owners become speculators. Property managers become gamblers.

The road back from an inflationary excursion is not an easy one. Readjustments can set in motion a domino-effect in which loan defaults in one sector can create credit stringencies in other sectors and bring down basically sound businesses and banks. In this painful sequence real estate has historically been the Number One Domino.

The management of urban growth is thus an intricate undertaking. It promises us high rewards in the enhancement of the quality of our life, but it is no game for the fainthearted. And it is certainly no game for dogmatists.
ECONOMIC CONSEQUENCES OF MANAGED GROWTH

by

J. D. Smith
Vice President
Knutson Companies, Inc.

From the peephole occupied by the developer, the economic consequences of managed growth impact themselves in myriad ways:

--Managed growth will reduce energy consumption. Commuting times will be shorter vis-a-vis uncontrolled urban sprawl, thereby reducing gasoline and oil consumption. Managed growth will create pressure to place the same dollar volume of construction in a more limited area and tend to increase the density of development within that area. This is inherently efficient from the standpoint of energy consumption because outside exposures of single occupant structures become common walls in a multi-occupant structure.

By way of example, 100 single family homes of 1,000 sq. ft. have a perimeter face area of approximately 132,000 sq. ft. while a mid-rise condominium containing 100 units of 1,000 sq. ft. each has less than 50,000 sq. ft. of face area--a potential savings of over 60 percent in exterior wall energy loss.

Managed growth will reduce public transportation costs to the community by increasing the volume and efficiency of our transportation networks. Our current situation is deplorable; you, the guy across the street and someone in the neighborhood may all leave your houses at the same time and go to work in separate vehicles only to meet on an elevator bound for the same floor of the same building--perhaps even for the same employer. Its grossly wasteful
and we all know it—-but the fact remains that we will never capture the commuting market until we make public transportation comparable to private transportation in terms of convenience. Managed growth will better enable us to direct residential growth along planned transportation networks.

Managed growth will provide greater efficiency in the use of resources and reduce the per capita burden of road, sewer, water, and power to the community. I know some fellows buying tax forfeited land in northern Minnesota who are distressed because some counties require them to waive their rights to have township roads built to remote locations. Those counties are managing growth and we--the taxpayer--are the direct beneficiary. How many annexations have taken place so that a developer could get sewer and water to a remote location when vacant ground that is properly zoned exists within that municipality. The cost of untimely sewer and water extensions to remote areas simply diverts municipal funds from more appropriate uses.

Managed growth shouldn't appreciably affect housing costs. While land values would certainly rise within the permissible construction zone and fall outside that zone, this cost will probably be offset by a more efficient use of facilities, particularly sewer and water lines, within the zone, and therefore, lower costs to the taxpayer. In the Minneapolis core today, we have sewer and water line capacity for thousands of unbuilt housing units: units which may never be built until commuting times to the western suburbs are untenable.
In the interim, the taxpayer services the debt on this gigantic network which may be operating at as little as 40% of capacity while the suburban ring communities start the whole process over again. Would General Motors build a new plant if it had a modern and functional one in Minneapolis operating at 40% of capacity?

Managed growth may affect the mix of housing unit types available to the community be accelerating development of high density, inner city sites which would otherwise not be developed until commuting time pressures increased demand in that sector.

Managed growth--to be effective--must involve a further alienation of individual property rights. The right of peripheral landowners to convert to a higher and better land use--usually a more profitable one--will be postponed in much the same fashion that a zoning ordinance seeks to limit permissible land use in the best interest of the community. Without question--this presents a major constitutional issue.

Managed growth will create some hardships for the businessman, particularly the smaller, perhaps marginally capitalized, operation. Historically speaking, there have always been industrial operations looking for cheaper land on the periphery of the metropolitan areas. Their relocation initiates sprawl because they bring with them workers who need--in this order--housing, schools, shopping, dining establishments, parks and playgrounds, fast food operations and, suddenly--open spaces. This is when you throw the kids in the car and drive to northern Minnesota. While managed growth may create higher plant costs for this type of operator, it may also result
in a desirable economic consequence from the state's point of view: relocation to a smaller rural Minnesota municipality with lower land costs.

On balance, we believe that the economic consequences of managed growth are generally favorable and that managed growth is certainly in the best interest of the community from a financial point of view. As a developer, however, we sometimes sit back and scratch out heads wondering if the whole issue of managing growth isn't a moot one. We don't think Minnesota is going to experience much growth with our current tax climate. Our state income tax (15% on taxable income over $20,000.00) is among the highest in the nation—hardly an incentive for a high income corporate type to decide to locate a new plant in Minnesota. In addition, our ad valorem property tax is outrageous, especially on commercial properties.

Property taxes—as a major impediment to new construction opportunities—is best characterized by the results of the Minnesota tax study. Conducted by development research associates and Arthur Young & Company for several Minneapolis business and governmental organizations, it developed a prototype company in 10 different businesses. The 1969 state and local tax burden of the prototype companies operating in Minneapolis was compared to the 1969 state and local tax burden of operating in several other cities—principally those identified by the Fantus Study as regional competitors with the Twin Cities (Atlanta, Chicago, Dallas, Denver, Kansas City,
Milwaukee, Oakland, Omaha, and St. Louis). The results for a commercial office building: taxes as a percentage of gross revenue were 21% versus a 10 city average of 14.5%; 44% above the 10 city average.

The Minnesota real estate developer—venturing to the east coast to sell a national life insurance company on Minnesota as a location for a midwest regional office—will be competing with other regional developers to create a new construction project around this potential space user. Since construction costs, mortgage rates, and building operating expenses are relatively stable throughout the region, rentals on comparable office space will vary primarily for property taxes. Annual property taxes per square foot of rentable area will be $ .82 more in Minneapolis than in St. Louis, Mo. A company utilizing 200,000 square feet in its regional office will have an incremental overhead of $164,000 annually to office in Minnesota and its higher income executive can have the privilege of paying the state income tax in return for the quality of life in Minnesota. Incidentally, that 200,000 square foot regional office—using conventional yardsticks—would probably employ over 1,000 Minnesota residents.

Charts and statistics have been used to prove and disprove just about everything. What really hurts is when you've got a live one on the line and they tell you that if you can solve their real estate tax problem, they will build a $40,000,000 facility in Minnesota. Within the last 30 days, we have had definitive discussions
with a quality hotel operator that is interested in building a 500-700 unit hotel in downtown Minneapolis. They love the area; in their own words, one of the few downtowns in which an overnight visitor can have some company in walking the streets after dark, but their pro-formas show that property taxes, as a percentage of gross income, will run approximately 17.5% in Minneapolis versus a range of 4.8 to 9.2% on other hotels throughout the U.S. and Canada. They will not make a commitment to move into Minneapolis without a major property tax abatement and we have no mechanism at the state or local level for obtaining any degree of abatement.

Death and taxes may be a certainty, but growth is not. Our state and metropolitan area needs to critically examine its property tax structure with a view toward creating incentive for new industry and business to locate in this area.

Thank you, and please excuse the slight deviation from the subject matter of the seminar.
MANAGED GROWTH AND THE CENTER CITY NEIGHBORHOOD

by
Robert Roscoe
Member
Seward West Project Area Committee
(Minneapolis)

Although the term "managed growth" frequently is studied in a highly generalistic context, my presentation will attempt to delineate the economic consequences of planned growth in a certain specific situation - that of a center city neighborhood: its residents and houses - undergoing the urban renewal process.

The neighborhood, Seward West, a twenty-five block area with an approximate population of 2,500 people is located about 2/3 of a mile directly south of this building, immediately south of Franklin Avenue.

My five years of residence in Seward West, augmented by three and a half years of intensive activity with the Seward West Project Area Committee (P.A.C.), a resident-based advocacy organization which has provided significant input and impact into the Housing Authority's Urban Renewal Program for Seward West, has provided me with the basis for my remarks.

Four years ago, HRA's Urban Renewal Plan for Seward West, preceded by years of study by HRA staff, several public hearings in a nearby school gymnasium illustrated by brightly colored maps and charts, and approval by the Minneapolis City Council, called for "definite acquisition" meaning HRA purchase and demolition) of 70% of the 450+ dwellings in Seward West, due to - in the words of HRA - excessive physical deterioration of many
sub-standard yard size, set-back of houses from the sidewalk, narrow yard widths often resulting in houses standing 3-6 feet apart, and 'planning' considerations -- too few sound houses in the midst of too many 'blighted' houses -- meaning they, too, must submit to the crunch of the impending bulldozer.

Today, four years later, a little more than half of those demolition-marked houses stand a very good chance of escaping the bulldozer in favor of 'Rehab', which has been the rallying cry of the Seward West PAC during those four years.

How does Rehabilitation mix with managed growth?

First, HRA's originally planned clearance of 350+ dwellings would have displaced over a thousand residents, most of limited income, resulting in their relocation to other parts of the city. Various surveys at the time indicated existing 'relocation resources' -- meaning suitable housing -- in the Metropolitan area were insufficient for displaced residents, even accounting for their relocation benefits.

Another aspect of the relocation problem was that many of the residents didn't want to move. Even though their houses may have been in substandard physical condition, they liked the neighborhood -- the close-knit nature of the area, closeness to relatives living nearby, proximity to downtown, etc.

Second, PAC believed massive clearance of the area would result in a proliferation of walk-up apartments renting at a cost few residents could afford. PAC also believed apartment buildings would actually result in a worse blight on the neighborhood than
the substandard housing they would replace. Apartment blight, PAC feared, would come in two forms: physical — their non-descript character and eventual shabbiness; and social — their transient character would destroy the family-oriented deep-rooted social stability of the community.

Third, PAC argued tirelessly that rehabilitation of worthy houses provided a greater economic benefit to area residents in that:

(a) Rehab can often be cheaper than new construction, especially on an equivalent replacement basis. A three-bedroom house with a rehab cost of $18,000 is much cheaper than the average $39,500 cost of a new house of the same size.

(b) Many older houses possess certain qualities that cannot be rebuilt today, e.g. stained and leaded glass, bay windows, ornamental woodwork, hardwood flooring, extra 'cubby holes', etc.

(c) The lower cost of a rehabilitated house compared to a newly constructed dwelling would allow more residents of limited means to own their own homes.

(d) Rehabilitated duplex units would rent cheaper on a per-square-foot basis than most apartments, while offering more amenities, especially to families.

Fourth, rehabilitation is almost always more ecologically feasible, on both a local and national basis, for the following reasons:
(a) Utilization of existing structures and their mechanical parts avoids material resource duplication. Most structural members and fixtures, as well as surface materials, can be saved. Also, existing utility lines are often retained.

(b) Energy costs -- excavation, material production, fabrication, transportation, and erection processes -- are reduced by the rehab process.

(c) Because most older houses have smaller yards, land usage is reduced on an equivalent replacement basis.

However, the above pro-rehab arguments in themselves did little to convince HRA. The PAC surveyed its neighbors, surveyed houses, engaged in endless discussions with HRA staff and commissioners, and devised certain strategies. But most important of all, the PAC developed formulas to decide rehab feasibility on both an individual house and group-of-houses basis, developed with HRA a set of rehab standards to insure a reliable end product, organized a neighborhood-based non-profit housing corporation with ties to local seed money organizations (the Greater Minneapolis Metropolitan Non-Profit Housing Corporation and the St. Paul Catholic Archdiocese), and formed a special planning team to formulate plans for the Milwaukee Avenue Four Block Area, with a joint membership of three PAC representatives, two HRA staff persons and two architectural consultants.

So, we have everything going for us -- except lower interest rates.
Looking at "managed growth" from the viewpoint of a citizen urban renewal advocacy organization, who really will benefit from the economic consequences of planned growth?

Last year's domed stadium debacle seemed to indicate very few citizens saw positive economics working in their favor in that issue.

Who really benefits from managed growth should be examined within the definition of "public interest". Does it mean people will always benefit?

Sometime ago, the ultimate purpose of the act of building, especially the building of dwellings, was somehow transformed -- from providing shelter to comfort and enrich those living within, to providing a tax shelter to enrich those few who economically benefit. Consequences of this shift in purpose affect the residents sometime afterwards.

The Seward West PAC has worked to rebuild its neighborhood for those who live there, so that the residents themselves may be able to exercise some control of their own community. To a great extent, it is because of this organization that the neighborhood which once was, will continue to be.
WHAT ARE THE SOCIAL CONSEQUENCES OF GUIDING GROWTH?

by

David Graven, Attorney
Member of the Metropolitan Council
and
Chairman of the Council’s Committee on Human Resources

I. Introduction

A plan for the development of a region or a process for guiding the growth of a region must ultimately be directed toward an improved quality of life for the citizens of the region. A physical growth plan has no meaning except as it affects the quality of life. This improved quality of life might be reflected in reduced public expenditures, more healthy environment, improved facilities and services or in many other ways. In any case, the general social situation should be better for having done it. The work the Metropolitan Council is doing on Development Framework is intended to produce this same result.

Although our Metropolitan Area stacks up very well with other metropolitan areas in regard to quality of life surveys and other social indicators, it is important to point out several very disturbing social trends:

1. There is a trend toward geographic separation of income groups.
2. There is a trend toward concentration of racial minorities in the older poorer sections of the central cities.
3. There is a trend toward an unbalanced age structure in older neighborhoods with this same phenomenon beginning to occur in close-in suburbs.
University of Minnesota

WORKSHOP ON METROPOLITAN GROWTH

Session 3

Wednesday, October 30, 1974

What Are the Social Consequences of Managing Growth?

Will it increase densities to undesirable levels?

Will it enlarge opportunities for the poor and minorities to obtain housing and jobs?

Will it improve social services—health, welfare, education, public safety?

Will it limit or enlarge housing choices?

Will it protect the quality of our physical and natural environment?

Session 3 Keynoters:


Willie Mae Wilson—Executive Director, St. Paul Urban League, since 1974. Member, St. Paul Housing and Redevelopment Authority Board of Commissioners and Chairman of the Board’s Land Committee. Candidate for M.A. Degree in Public Affairs, University of Minnesota. Member, Housing Task Force, St. Paul Urban Coalition.

4. Significant amounts of our housing stock is growing old and needs replacement.

The Development Framework is not intended to be a social policy for the area. It does, however, incorporate the Council's most fundamental social policy which is to provide housing opportunities for all income groups throughout the Metropolitan Area. This means providing for low- and moderate-income and upper-income housing in the central cities. In addition to this positive thrust, we have also tried to insure that the Development Framework does not have a negative social impact.

In speaking to the Council's Development Guide Committee in 1972 as it started its transportation study, Anthony Downs, a nationally recognized urban policy expert, startled the group by asserting that there may really be only one urban issue: "Where Do You Want the Poor to Live?" - all other issues spin off from this. More and more we are discovering that the oversimplification may be the beginning of real wisdom in solving urban problems.

The Council's basic social policy which is built into the Development Framework is an attempt to answer this question. Previous policies adopted by the Council in its Housing Development Guide indicate the Council has made a firm decision to work toward realistic attempts to bring middle- and upper-income persons back into the city, and to disperse the poor and elderly outside the central cities into areas with adequate urban services.
The Development Framework Guide reaffirms and strengthens this basic policy. The original Council policy was adopted in 1970 and is best illustrated in Council Housing Policy 31, which reads as follows: "In reviewing applications for funding assistance, high priority will be assigned to those governmental units that have codes and ordinances which provide for low- and moderate-income housing and that are providing or have definite plans for low- and moderate-income housing."

This housing policy is designed to reward communities who have demonstrated a commitment to expand their supply of low- and moderate-income housing by giving them priority to receive federal grants. The priorities also help to compensate for additional costs for services that might be incurred by these communities.

The Development Framework is designed to further this goal by adding the other half of Policy 31. Whereas Policy 31 is designed to encourage the dispersal of low- and moderate-income persons from the central cities, the Development Framework is designed to encourage middle- and upper-income persons to move into the central cities.

Development Framework affirms previous Council policies by saying that the Council is 1) not going to encourage abandonment of central cities and close-in suburbs; 2) not going to encourage spending of public money on the fringe areas at the expense of close-in suburbs and the central cities; 3) not going to encourage the increased polarization of social, economic,
The social consequences of this policy are that the central city school systems must be strengthened and the security image of the central cities improved. The middle-class flight to the suburbs is heavily influenced by fear of crime and a desire for a better school system.

Unless the general Metropolitan home-buying public view the central city school systems as providing educational opportunities at least as good as suburban districts, private investment in central city neighborhoods will be adversely affected. This means that continued and increased investment in school facilities and staff must be made even while enrollments are declining.

The security image of the central city also affects the home-buying public's decisions and other private investment decisions.

It is important to note that these problems that are primarily attributed to the central city have also spread into the first ring of suburbs.

As I mentioned earlier, the Council has worked to ensure that its guided growth process will not have a negative social impact. Among the ways this has been done are the following: 1) Assumption of a no-growth philosophy. If the Council had proposed to reduce or limit total growth for environmental or other reasons, the end result could be inadequate public services to support the necessary growth in housing and jobs. 2) Redirection of growth. Another way a managed growth plan could have negative social impact would be to attempt to re-
direct growth from one location to another. The result could be
distorted land and housing markets that would result in substantially
higher housing prices. This has been avoided by forecasting the
growth demand in geographic markets or sectors and proposing a
plan that provides an adequate supply of land in each sector.

3) Investment in fringe areas. A growth plan could call for an
undue public investment in new pipes and roads in fringe areas
at the expense of replacement of these facilities in older areas
or at the expense of other environmental or social needs. The
process we are proposing can reduce investment in overexpansion
and make it possible to set priorities to maintain, upgrade or
replace older and current facilities. In the long range, it is
intended that this overall coordination of investment will make
it possible to devote a greater portion of the areas' resources
to human needs. 4) More restrictive development. A growth plan
could also call for more restrictive development through codes
requiring larger lots, larger homes, etc. Our policy is to
call for a review of existing codes and for revision in cases
where such codes and practices have an adverse effect on the
cost of housing. 5) High amenity communities. A growth plan
could endorse the concept of exclusive or high amenity communities.
We suggest the opposite—that is, a mix of incomes and housing
opportunities.

The Council's Development Framework is not intended and is
not able to address the question of whether people are happier
in Jonathan than Apple Valley. We just plain don't know. Both
are planned communities. Both provide housing. But the point is that most issues that determine happiness and similar social goals are not determined by public policy and public services.

What we do attempt to address in Development Framework is that by guiding growth we can provide individual citizens with more choices, not fewer choices, in their lives — and at an affordable cost. We are attempting to provide alternatives and the freedom of choice and mobility. We are attempting to reverse the increasing polarization trends that we see in this Metropolitan Area. Our objectives in developing our policies are to provide the incentives and the distinct choices that will eliminate negative social impacts and provide more choices in housing, jobs and life style.
SOME MANAGEABLE THOUGHTS ON THE FUTURE
OF PUBLIC EDUCATION IN THE METRO AREA

by
John B. Davis, Jr.
Superintendent
Minneapolis Public Schools

My good friend Art Naftalin got me into this by saying, "Just make the kind of thoughtful statement you would make if you were asked by a body such as the legislature, "How do you see the future of public education in the metro area?"

My thoughtful statement is, it depends in large measure upon how successful the cities and the Metro Council and the other corporate units are in their efforts to direct and manage growth in the metro area.

Should growth be managed? Yes, I think so. I have read the draft of the Metropolitan Council's Metropolitan Development Framework, and it is an impressive work, although plans for educational and social services are conspicuous by their absence. But to the extent that the framework attempts to bring about a cleaner city, a safer city, a city with lots of good housing available at moderate prices, a city with the entire range of income levels and ethnic groups represented, a city of 24-hour Minnesotans, it is a good plan.

If it can be implemented, a great many of the problems the city school system faces will disappear. Specifically, such a plan could enhance the possibility of a better socio-economic ratio of students. It also would increase the total student enrollment thereby producing more funds from the state foundation aids program.
Execution of the plan will also reflect a psychology of sound and orderly planning and control which will in itself have a stabilizing and confidence projecting effect.

Education is sometimes looked at in a vacuum. The metro plan would provide the framework for an objective review of ways by which educational and social service agencies might be brought into better coordination for thoroughness and efficiency in the delivery of services to people. Coordination between and among the schools, parks and recreation departments, libraries, and some elements of health services should be considered.

Perhaps a catalyst would be the provision of city, county and state funds to motivate the several agencies to work more closely together so that the lives of some children would no longer be segmented between the Welfare Department, the Recreation Department, the Library, the Police Department, the courts and the schools. The role of private agencies might be blended into these delivery systems, too.

I am quite mindful as I make this statement of the dynamics inherent in decentralization, and of the dangers in a monolithic, bureaucratic, coordinated system. Indeed, I have strong personal reservations, but the prospect of examining some of these issues is nonetheless exciting and quite appropriate and feasible under a metropolitan framework.

Let's go to the Minneapolis public school system—a microcosm of the city which gives it support. I will illustrate several major trends or conditions which cause us concern.
First is the fact that K-12 enrollment is declining, as is the city's population.

| Population of Minneapolis and Enrollment of Minneapolis Public Schools for Selected Years | 1960 | 1973 | % Decline |
| City population | 482,000 | 424,000 | 12% |
| Public School enrollment | | | |
| K-12 | 71,083 | 58,187 | 18% |
| Kindergarten | 7,333 | 4,330 | 41% |

The indicator for the future is the 41% drop in kindergarten enrollment between 1960 and 1973; a vivid illustration of the declining birth rate!

Second, the numbers of youngsters from poverty and AFDC homes has increased dramatically within the city.

| Number of Children Supported by AFDC in City of Minneapolis, Age 0 to 19 Years | Year | Children |
| | 1970 | 18,106 |
| | 1971 | 20,986 |
| | 1972 | 23,963 |
| | 1973 | 25,682 |
| | 1974 | 25,187 |

You'll notice that the increase in the numbers of children in the city supported by AFDC peaked in 1973. The percentage will continue to grow as population declines, however.
The third trend is that adults are becoming big "customers" of public education. I might add that we are encouraging adults to become partners, too, for they are working in the schools as volunteers and they are serving on community councils as well as enrolling in our classes.

<table>
<thead>
<tr>
<th>MINNEAPOLIS PUBLIC SCHOOLS</th>
<th>1967-68</th>
<th>1973-74</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12 Schools</td>
<td>70,989</td>
<td>58,187</td>
</tr>
<tr>
<td>Other than regular schools</td>
<td>35,547</td>
<td>93,620</td>
</tr>
<tr>
<td></td>
<td>106,536</td>
<td>151,807</td>
</tr>
</tbody>
</table>

The figures illustrate rather dramatically that while the school district is serving less of its traditional clients, i.e. students in kindergarten through grade 12; it is providing educational experiences for many thousands more adults than it did seven years ago.

The figures given for K-12 enrollments are for students enrolled for the school year, while the second row of figures represents adult enrollments in courses. Taking the 93,620 adult enrollment figure for last year, an estimated unduplicated count of adults served would be about 62,000.

Time requires selectivity from among many conditions and precludes any elaboration of a central issue, which is the school district's budget dilemma—a dilemma which on the one hand presents a declining
enrollment with the attendant loss of state aids and a levy limit on revenues from property taxes; and on the other hand an increasing diverse student population that requires an ever widening range of costly educational services: services for students with special learning problems; services for children with different learning styles; services for those students with extraordinarily high potential.

The Minneapolis schools have moved—and in some areas led—rather than just responding to these changing conditions, making this city a good place in which to live and raise children. We have tied integration to educational opportunities. We are trying to help students and faculty from many different backgrounds learn to work with each other.

The heart of our instructional program remains the teaching of basic reading and math skills. We are putting our major resources and staff effort into helping children learn basic skills, and reading achievement scores are beginning to go up; as has been illustrated in the publication of our Minneapolis Public Schools Profiles of Performance reports. Our frustrations come from having discovered the circumstances and the conditions under which children can be taught and then not having sufficient resources to make the opportunities available citywide.

Basic skills are the undergirding of every child's education. But not all students learn these skills best in the same way. Our efforts to take into account each student's learning style have motivated us to offer alternative educational programs.
The elimination of 15 old schools replaced by larger, better, more efficient community schools has enabled 7,775 students to enroll in educational options of their choice this year. This remarkable accomplishment gives me a chance to say that unlike many cities, Minneapolis commands a national attention for its effective programs and its educational successes.

We've tried to make our schools a more vital, active and cooperative part of the community. We're involving more of the population than is traditionally served in a K-12 school district: preschoolers, adults, senior citizens. We're both reminding ourselves, and saying to citizens, "It's your building. Use it. It's your program. Design it."

Where do we go from here? Schools are learning to work with the rest of the community in looking ahead. We have a 15-year program on paper but a five-year plan probably is a much more realistic objective when you consider how difficult it is to anticipate how and when and where the city is going to develop. One stabilizing influence will be the larger community school that serves several neighborhoods.

In the curriculum area, we must maintain enough flexibility to respond rapidly to the need for change. For example, there might be a breakthrough in teaching children how to read that would dramatically alter existing patterns, of age, organization and location for instruction.
As our enrollment declines we are taking a hard look at how to maintain, and even to expand, the breadth of curricular choices. This fall, for the first time, all city senior high schools have a common trimester schedule; a change that has cleared the way for the sharing of facilities and citywide availability of courses. We have recognized that every high school may no longer be able to provide a totally comprehensive program.

We must learn to use the entire city as an educational setting. We need to make arrangements for a student to work next to a chemist, to serve an internship to a carpenter, to work with a buyer or designer.

We have only scratched the surface of the possibilities for learning what the city holds for our students....with programs such as Urban Arts, Metro Newsbeat, the new Economic Education Center, the Police Public Safety Program.

The recent Citizens League report on fluctuating enrollments ably illustrates another key issue inherent in planning for the future--the last-hired, first-fired situation at a time when we need flexibility and responsiveness and recently trained teachers for new demands and new teaching and organizational patterns.

Eventually, we are going to have to give serious consideration to new relationships between the school districts in the metro area. One option would be an actual redrawing of boundaries between districts. Another probably one would be making some cooperative arrangements between and among existing districts relative to the
use of faculty, facilities and curriculum. Another area worth consideration relates to the development of special community building authorities to erect, at public or private expense, multi-use physical plants to provide services—social, health, recreational, and educational—for an infinite variety of citizens and students who have a rightful claim on efficient and thorough human services through government.

Who will make these things happen? When will they happen? I began by telling you my "assignment" from Art Naftalin. He also promised that I was not expected to have answers for all of the questions I posed. And I haven't.
SOCIAL CONSEQUENCES OF MANAGING GROWTH: 
THE IMPACT ON BLACKS AND OTHER MINORITIES

by
Willie Mae Wilson
Executive Director
St. Paul Urban League

Managed growth will not necessarily enlarge opportunities for the poor and minorities to obtain housing and employment unless certain policies which deal specifically with the problems of the poor and minorities are built into the planning of the growth area. The big social decisions relative to the growth area will all be made in advance inherent in the planning and building process, and the powerful tools employed for managing growth will also predetermine the social structure. And if decisions are not made at the outset with the treatment of the unique problems of the poor and minorities in mind, any benefits which accrue to the poor and minorities will be simply by chance.

Why is this so? Well, one net effect of a managed growth policy will be to reduce the supply of land available for immediate development and this will increase land cost because the combined forces of supply and demand determine the price of land. An increase in land cost will increase the cost of housing, and the majority of minorities who are already priced out of the metropolitan housing market will be adversely affected. The average value of building permits for new single family homes, excluding land cost, in the metropolitan area between 1971-1973 was $25,375.00, according to the Metro Council. This price, as can be seen by reviewing the income of black families in the metropolitan area, is beyond their
Income of Black Families
in
Minneapolis-St. Paul Metropolitan Area

1960
$6,840  Median Income of White Families
$4,771  Median Income of Black Families

1970
$11,682
$ 7,138

Income of Black Families Compared
to White Families
70%  61%

Metropolitan area Black Families earn less than White Families and the income gap has grown wider.

Therefore, if managed growth is to have a positive impact on housing opportunities for the disadvantaged, it must be accompanied by a specific housing policy which is designed to increase access to housing by all people regardless of race and economic status and which is related to employment opportunities located in the same general area. This type of housing policy is critical for housing affects and is in turn affected by all other elements of growth policy including employment.

As it stands now, the Twin Cities metropolitan area is still following a pattern which is typical of other major American communities. The black population is increasing as shown on the following page in Table I.

However, it is still clustered in the central city areas of the metropolitan area as shown on the following page in Table II.
METROPOLITAN MINORITY POPULATION IS ON THE RISE

TABLE I. MINNEAPOLIS-ST. PAUL METRO AREA MINORITY POPULATION: 1960-1970

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>1,482,030</td>
<td>1,813,647</td>
<td>100%</td>
<td>100%</td>
<td>22.4%</td>
</tr>
<tr>
<td>White</td>
<td>1,454,626</td>
<td>1,763,909</td>
<td>98.2</td>
<td>97.2</td>
<td>21.3</td>
</tr>
<tr>
<td>Black</td>
<td>20,702</td>
<td>31,812</td>
<td>1.4</td>
<td>1.8</td>
<td>53.6</td>
</tr>
<tr>
<td>Other</td>
<td>6,702</td>
<td>17,926</td>
<td>.4</td>
<td>1.0</td>
<td>167.0</td>
</tr>
</tbody>
</table>

Source: U.S. Census Reports, 1960 and 1970

NOTE:
1) For purposes of comparability, Spanish speaking Americans are included in the white population total.
2) Of the 17,926 persons in the 1970 "other" category, 9,958 are American Indians.

BLACKS ARE STILL CLUSTERED IN CENTRAL CITY AREAS OF THE METROPOLITAN AREA

TABLE II. DISTRIBUTION OF BLACK POPULATION IN METROPOLITAN AREA: 1960-1970

<table>
<thead>
<tr>
<th>AREA</th>
<th>NUMBER 1960</th>
<th>NUMBER 1970</th>
<th>% OF METROPOLITAN TOTAL 1960</th>
<th>% OF METROPOLITAN TOTAL 1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>20,702</td>
<td>31,812</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>11,785</td>
<td>18,642</td>
<td>56.9</td>
<td>58.6</td>
</tr>
<tr>
<td>St. Paul</td>
<td>8,240</td>
<td>10,803</td>
<td>39.8</td>
<td>34.0</td>
</tr>
<tr>
<td>Urban Balance</td>
<td>677</td>
<td>2,367</td>
<td>3.3</td>
<td>7.4</td>
</tr>
</tbody>
</table>
There is some increase shown in the metropolitan urban balance black population over the past ten years. Rising incomes and attacks on housing segregation have contributed to this growth. The migration trends have also been very tightly interlinked with employment opportunities - for people tend to follow jobs and employers tend to locate their businesses where workers are available.

Also, some change is evident in patterns of black migration to the metropolitan area. An increasing number of black migrants to the Twin Cities are coming from other cities rather than the rural South; they are generally of higher educational and occupational status than the resident black population in the Twin Cities metropolitan area. These black migrants are in the main being recruited by corporations located in the outer areas and seek housing corresponding to their socio-economic status and are thus distributed throughout the metropolitan community. I believe that this trend rather than any dispersal of the concentration of blacks which exists in the central cities explains in part the growth in the black population outside of the central cities between 1960-1970.

The housing policy incorporated into the managed growth policy is going to be critical. For the growth of the metropolitan area and the dispersal of employment accompanied by no provision for minority persons to obtain housing in the growth area will place the minority job seeker in a disadvantaged position. For
housing can and does affect the distribution and level of minority employment. People desire to live where jobs are - for the most part; concentrations of population usually follow concentrations of economic activity.

So, it would seem that managed growth will enlarge housing opportunities and job opportunities for minorities and the poor only if it specifically treats, on a comprehensive basis, the problems of minorities and the poor as they relate to housing and employment. If the growth policy can provide for the attainment of a balanced housing supply which takes into consideration the fact that some subsidies may be needed to assist families with incomes below that for which private builders can construct new housing, then it will do much to enlarge opportunities.

The poverty of blacks is often regarded as contributory to their residential segregation within the metropolitan area because low cost housing tends to be separated from high cost housing. Since economics are a key element in the selection of housing by minorities, they are as a result forced to select their place of residence without reference to employment location. As was noted, the residential choices have been largely confined to central locations within the metropolitan area. Consequently, they have had only limited access to jobs in the urban fringe area.

A managed growth policy which permits development that creates jobs has an obligation to provide sites for housing with a range of prices for people who will fill those jobs. Minority
persons must be given a choice in terms of whether or not they wish to live within the growth areas and near the place of employment or to commute long distances. Commuting must not be made an obligation for minorities and the poor in order for them to obtain employment in the growth areas. Distance and difficulty in reaching certain jobs from minority residences within the central cities may impose costs high enough to discourage minorities from seeking employment outside the central city. Additionally, minorities may have less information about and less opportunity to learn about jobs distant from their place of residence. Also, distance from central city areas to outlying workplaces may seriously understate transportation costs between the inner city and many workplaces because of the indirectness or complete absence of public transportation services from home to work and vice versa.

In summary, minority people want jobs that pay well, that offer some future, that provide some satisfaction and that permit a higher standard of living. "Jobs", according to Vernon Jordan, Executive Director of the National Urban League, "are at the cornerstone of the problems the minorities face". And if managed growth, through bold comprehensive planning which insures that resources are used to promote social well-being and equality of opportunity for all people, can enlarge opportunities, then it might be a means by which to strike away some of the barriers to full participation in our society by minorities and the poor.
POTENTIAL ADVERSE AFFECT OF A
DEVELOPMENT FRAMEWORK GUIDE ON HOUSING COSTS & CHOICE

by
Bruce Thomson
President
Pemton, Inc.

By way of background, I am a member of a task force of the Minnesota Housing Institute (M.H.I.) which was established in January 1974 for the primary purpose of determining the effect the proposed Metropolitan Development Framework Chapter of the Metropolitan Guide would have on the availability and price of housing. The Minnesota Housing Institute is an organization of over 500 builders and developers in the Twin Cities area. We have no quarrel with the major objectives of the Metropolitan Development Framework Guide, that is, protection of environmentally sensitive areas, better utilization of the existing investment in public facilities, and better planning and coordination of metropolitan investments. We do, however, disagree with the implementation methods proposed to achieve these objectives. We believe that if these implementation methods are adopted, housing costs in the seven county area will increase substantially, accompanied by a drastic reduction of housing choice; and urban sprawl will not be controlled but will spread beyond the seven county area. The major problem of the Metropolitan Council's proposed implementation policies is that they have been formulated without a good understanding of what has caused urban sprawl and what is causing growth pressures. Obviously, if you don't really understand a problem it is unlikely you will arrive at the right solution. Later in my presentation I
will discuss more fully the Minnesota Housing Institute's position on the causes of urban sprawl and proposed solutions.

I know I am supposed to address myself to the social consequences of managing growth, but it is difficult to discuss the social consequences unless the economic consequences are understood. Therefore, I will discuss both.

In order to predict the social and economic consequences of managing growth one needs to understand the type of housing people want and where they want to live.

Buying a home is the major one time expenditure that most families make. Potential homeowners have very clear-cut ideas about where they want to live and the characteristics they want their home to possess. Being able to buy a home that meets these desires certainly enhances the happiness of most families. Being denied a home that meets these desires can build up frustrations and create unhappiness.

Our market research indicates that close to 85% of the people in the housing market in the Twin Cities prefer a single family home in the suburbs or in the country. Recent surveys conducted by the Minneapolis Star and the Metropolitan Council substantiate this finding. Homebuyers want to live in a quiet neighborhood with good schools and privacy. Most people prefer rolling wooded land with winding streets. Given a choice between a large lot with no common open space and a small lot with greenways and open space, nearly all will select the large lot. Our studies indicate that people in single family
homes in the seven county area do not want to live near apartments, industrial or commercial developments. Nature areas, sitting areas and other such amenities have a low market acceptance in relationship to their cost. Therefore, Planned Urban Development (PUD) plats and open space planning and mixtures of housing types with smaller lots are not generally well received by the housing market as a whole. We have found this is even more true among lower income and blue-collar buyers, who are experiencing the greatest frustrations in today's housing market. In fact, in the Twin City area very few townhouses or other forms of high density housing have been sold to blue-collar buyers even though the homes have been in the price range they could afford. We have found townhouses and other forms of cluster housing to be products strictly for the white collar buyer.

A logical question might be asked: Although a single family home on a large lot is the choice of nearly all the buying public, when they cannot afford this won't they buy a single family home on a small city size lot or a townhouse? We asked this question in a recent market research study we conducted among apartment renters and the results were as follows:

- Extremely likely to change choice: 6%
- Very likely to change choice: 15%
- Somewhat likely to change choice: 34%
- Not likely at all: 45%

It would appear from this, that in the Twin Cities over one-half of the market would continue to rent rather than purchase high density housing if they can't afford the large lot home they prefer.
I am afraid that the type of home and neighborhood most people want is often described as urban sprawl by many planners. It is my understanding, however, that it is not the intent of the guided growth policy of the Metropolitan Council to discourage this type of development, but only to encourage it to happen in a contiguous fashion.

However, the desire for this type of home and neighborhood is so strong that most people will move a long distance from urban services and conveniences in order to obtain this housing at a price they can afford, rather than stay in an apartment or buy another form of housing close-in which does not fulfill their desires.

In order to better explain how development is now taking place in the Twin Cities and what has caused urban sprawl, I will reiterate some of the major propositions relating to development and guided growth that have been presented here today and at previous meetings giving the Minnesota Housing Institute's position on each.

**Proposition I**

Most growth in the Twin Cities area is taking place in a helter-skelter, unplanned and uncontrolled fashion.

**MHI's Position**

Although no one from the Metropolitan Council or staff has made this statement, a poll conducted by the Minneapolis Star indicates that 68% of the residents in the Twin Cities believe it to be true. Neither the MHI nor the Metropolitan Council feel this is true. In fact, in the Metropolitan Council's Development Framework
Chapter Draft of October 10, 1974, the following statement is made: "...most development in the area is occurring in a logical and systematic manner..." As far as I know, every municipality in the area of active urbanization has a consulting engineer and a consulting planner or a staff planner and staff engineer or some type of combination. In addition, planning assistance is available from the Metropolitan Council. Today, in most cases, a great amount of effort is expended by both the developer and the municipality in attempting to develop well-planned neighborhoods. The only exception to this would be some municipalities in rural areas which do not have the engineering and planning expertise.

Proposition II

The cost of extending sewer, water, storm sewer and other urban services to new developments is being paid by all taxpayers in the seven county area and not just the residents of the new development.

MHI's Position

The Metropolitan Council has not made public any studies to substantiate this claim. A study done in California shows that new developments pay more than their proportioned share for urban services than do existing residents pay. It is our experience as developers and builders in the seven county area that the amounts we pay in fees and for utilities exceed the cost of these services therefore, it is our conclusion that it is more likely new residents are subsidizing existing residents instead of the reverse.
Proposition III

Forty-one percent of the land served by sanitary sewer in the seven county area, which is approximately 230 square miles, is developable and could take care of all our housing needs through 1990.

MHI's Position

In this 230 square miles there is for all practical purposes no land available for development that is suitable for building the moderately priced single family homes that most people desire. By moderately priced, I mean homes from $35,000 to $45,000. People need incomes of $15-20,000 to afford housing in this price range. This 230 square miles of so-called developable land consists of the following:

1. Cemeteries, golf courses, school sites and railroad right-of-ways;
2. Land zoned for other than residential use;
3. Land with a water table too high to allow for the construction of any priced single family home;
4. Land with too steep slopes or too heavy soil;
5. Land in municipalities which have adopted ordinances which, in effect, prohibit the construction of moderately priced homes;
6. Land which is not for sale or too high priced.

Proposition IV

If current development trends continue it will cost municipalities, counties and regional agencies about $2.7 billion between 1970 and 1990 to provide public services for new development, as opposed to spending only $700 million for the same services under the guided growth plan.
MHI's Position

This difference in cost of $2 billion is arrived at based on the following assumptions.

a) 340,000 new housing units will be needed for the period 1970-1990;

b) Under the guided growth alternative the 340,000 new units would require an additional 200 square miles of serviced buildable land;

c) If current development trends continue, 240,000 new housing units would require this same additional 200 square miles. In addition, 100,000 units would follow sprawl trends locating in scattered pockets of development well beyond existing service lines. These 100,000 units would cause a need to service 800 square miles of presently rural land. Therefore, a total of 1,000 square miles of land would be required under this continuing trend pattern of development.

d) Under both alternatives it is assumed that the following improvements would have to be provided on a one mile grid: roadways with a storm drainage system, sanitary sewer trunk and water trunks.

In other words, it is assumed that the 100,000 homes built in the rural areas without sanitary sewer and water would immediately require these facilities along with new roadways; and the municipalities, counties and regional agencies would pay for these extensions with no charge to the inhabitants of the 100,000 homes. If this were to
happen, it would be the first time in the history of the Twin Cities area that services would be extended to homes with no charge to the homeowners. The $2 billion expenditure is for the benefit of 100,000 homes which represents $20,000 per home. It is preposterous to assume that any governmental agencies would expend $20,000 per housing unit to provide these services. I am certain a less costly solution could be found.

Even assuming the $2 billion figure is reasonable, this total amount could be saved simply by assuring that the homes built in the rural areas are built on suitable soils and the septic tanks are properly designed and installed so sanitary sewer and water will not have to be extended to these homes. Since in most rural areas there are already roads with storm drainage systems on a one mile grid, it would not seem necessary to install these same facilities over again.

Proposition V

Urban sprawl has been caused mainly by letting free enterprise and the force of supply and demand determine the direction of growth.

MHI's Position

It is interesting to note that it was in the late 40's and early 50's that the Twin Cities realized its most contiguous suburban growth as illustrated by the development of Richfield and Bloomington. At that time there were not even municipal sewer and water services to guide growth, and there were very few municipal or other government
controls on development. Contiguous development ceased in Bloomington
and single family building shifted to Burnsville when Bloomington
increased the size of the minimum house and lot and adopted other
tough restrictions on development. Much of the single family
development moved out from Burnsville to Apple Valley and Lakeville
when Burnsville raised their housing and subdivision requirements. I
am sure this same pattern has been repeated in many other municipalities
in the Twin Cities.

In addition, as municipalities grew and added staff personnel,
code and subdivision requirements also grew, all adding to the cost
of homes. Individually each of these additional requirements might
have been justified on some basis. However, it is the cumulative
effect of many seemingly small requirements that has steadily
increased the price of housing in many closer-in communities and has
forced home-buyers out to rural areas. So you see it does not appear
to have been the force of the free market place that has created urban
sprawl, but rather government restrictions.

**Proposition VI**

The price of single family homes is increasing so rapidly that
in the future very few people will be able to purchase regardless of
their desires. Therefore, we should not be too concerned about this
preference toward single family homes in our planning.

**MHI's Position**

It is true that during 1974 the increase in the price of housing
has exceeded the increase in household incomes, so that now fewer
people can afford to purchase a home than the number of people who could afford to make the purchase one year ago. However in nearly every year up to 1974, household incomes have increased at a rate greater than the price of housing, so more people each year have been able to buy single-family homes. If the rate of inflation can be reduced to 5% or less, I think that this trend will continue.

Proposition VII

The price of land is a small part of total housing costs; so even if guided growth causes an increase in land prices, it will not cause a significant increase in the total housing cost.

MH1's Position

One has only to study what has happened in Toronto under their guided growth plan to see how misleading this statement can be.

In June 1971, a 50 foot residential lot with utilities was priced from $10-12,000. In January 1972, this same lot was priced from $13-16,000; in January 1973 from $18-22,000; and in January 1974 from $27-32,000. On April 9, 1974, further government intervention in the form of taxation on the gain resulting from the sale of land brought the price of this same lot to $35,000. In other words, a $25,000 increase in the price of a $10,000 lot in less than three years.

Proposition VIII

The Metropolitan Council's plan for guiding growth will stop urban sprawl without a significant increase in housing prices or a decrease in housing choice.
MHI's Position

If the Metropolitan Council's Development Framework Guide is adopted as now proposed, and consequently there is not enough land served by urban services for moderately-priced single-family homes, and building in the rural area is prohibited, there are two logical consequences. First, many home buyers will go out beyond the seven county areas to purchase the housing they desire, which will obviously create more sprawl than we have today. Second, the homebuyers who will not accept this alternative will either have to settle for undesirable housing as they perceive it or continue to rent. The social consequences of this might very well cause us greater problems than our current problems created by urban sprawl.

One has to go no farther than to the municipalities of Coon Rapids and Brooklyn Park to see what happens when the government attempts to guide growth. The investment in sewer and water and the amount of land available for moderately-priced single-family homes in these communities is analogous to the whole seven county area on a smaller scale. Both communities originally developed without central sewer and water. Because much of the area has a high water table and poor soil, development was not as contiguous as in Richfield and Bloomington. Therefore, when central sewer and water were installed they had to be extended through large areas which were not suitable for single-family development. In an attempt to try to maximize the use of their investment in sewer and water facilities, no new extensions were made beyond certain boundaries in either
municipality. The result is that with little or no land available for moderately-priced single-family homes in the area this type of housing leap-frogged out to Champlin, Ramsey and Grow.

The whole issue of the effect of guided growth on housing costs has not been carefully considered by the Metropolitan Council. The following is a quote from an article on guided growth reported in the Minneapolis Tribune in September 1974. "Trudy McFall, the Council's Housing Director, said in an interview 'that the staff has badly studied the whole issue of the impact on the cost of housing.' She said the staff did not pursue methods of encouraging local units to change codes and ordinances to permit smaller housing on smaller lots."

It would seem logical that with suitable land for single-family homes served by sewer and water services already in short supply in the seven county area, the price of this land will increase dramatically if there are no new sewer extensions and building in the rural areas is prohibited. The price of housing will therefore also increase substantially. Another likely consequence is that the additional growth pressures placed on municipalities in the area of active urbanization will cause many of them to attempt to discourage growth by increasing requirements. It is the MHI's position that if another layer of regulations is added by the Metropolitan Council without an effort to eliminate or reduce municipal regulations, the resulting increased housing cost will insure that very few people will be able to afford single-family homes and the majority of the market will
either be forced to live outside the seven county area or live in housing that is not compatible with their needs or desires.

It is also the MHI's position that if the Metropolitan Council would take the same interest in housing costs as it has in guiding growth, excessive and unwarranted regulations in many close-in municipalities could be reduced so that moderately-priced single family homes could be built closer in rather than in rural areas. This would be the simplest and most inexpensive way to stop urban sprawl.

An example of this actually working is illustrated by what happened in the City of Bloomington within the last month. Through the efforts of Bob Hoffman, builders, and Bloomington staff members, the City Council agreed to lower housing size and lot size requirements. I am positive that very shortly you will see lower priced single-family homes being built in West Bloomington on land which has up to now been skipped over.

In conclusion, I wonder if the Metropolitan Council should not reconsider whether their plan for guiding growth will really accomplish the objectives they have set forth. Perhaps after more careful consideration they will discover that the social and economic problems caused by their cure--guided growth, will be worse than those of the disease--urban sprawl.
University of Minnesota
WORKSHOP ON METROPOLITAN GROWTH

Session 4 Wednesday, November 6, 1974

Where Shall New Growth Take Place?

Only in contiguous urban areas? In the building of new freestanding communities?

Only in areas already served by sewer interceptors? In accord with an areawide pattern that identifies uses of specific areas--for open space, non-urban living, urbanized services?

In redeveloped older sections or in new undeveloped areas?

In all directions from the central cities or in targeted areas of particular promise?

Session 4 Keynoters:

Dennis Dunne--Member of the Metropolitan Council since its establishment in 1967 and former chairman of the Council's Personnel Work Program Committee. President, Greater Minneapolis Chamber of Commerce (1971). Vice President for Public Environmental Affairs, Northwest Bancorporation. Graduate University of Minnesota School of Business Administration (1950).

Robert Van Hoef--Vice President, First National Bank of St. Paul, and head of the Bank's Department of Metropolitan Development. Executive Director, Metropolitan Improvement Committee, sponsors of the Capitol Center Development Plan for St. Paul. One of the founders of the Metro East Plan, an effort undertaken by central city and suburban leaders to achieve orderly growth of the undeveloped area East of St. Paul.

Fred Lukermann--Professor of Geography, University of Minnesota. Former Assistant Vice President for Academic Administration (1967-73) and Associate Dean of the Social Sciences (1966-67) at the University. Major interests include history of science and technology and settlement studies of the ancient world and North America.

Erv Chorn--President, Minneapolis Council of Community Councils and Former President, East Calhoun Community Organization. Co-chairman Minneapolis Task Force on Citizen Participation that helped develop the city's advisory committee on the allocation of Community Development Act revenue sharing money. Mr. Chorn is a management information specialist, Department of Education, State of Minnesota.
WHERE SHOULD GROWTH TAKE PLACE?

by
Dennis Dunne
Member
Metropolitan Council

In previous sessions, other members of the Metropolitan Council have referred to and briefly summarized the proposed growth plan now being considered by the Council's Physical Development Committee. As you will recall, the five planning areas used by the Council are:

1) Downtowns of Mpls. and St. Paul
2) Fully developed portions of central cities and older suburban areas
3) Areas of planned urbanization
4) Rural areas
5) Freestanding growth centers

Please keep in mind that although it has been given a great deal of study, this policy is still in draft form. It will not be brought before the full Council for adoption until another round of public hearings is held in January. The proposed policies call for the majority of the growth to be accommodated in three of the five planning areas, i.e., downtown areas, areas of planned urbanization and freestanding growth centers. The proposed policies emphasize maintaining and rehabilitating the existing housing stock in the fully developed areas and minimizing development in the rural areas.

Specifically, our proposed policies for each of these three growth areas are as follows:
Downtown Centers

--Support continued growth as financial, office, employment, cultural, entertainment and accommodation centers.

--Support development of medium and high density residences for a full range of incomes.

Area of Planned Urbanization

--Support growth contiguous to existing built-up areas.

--Support growth on land served by metropolitan facilities by virtue of our previous investments.

--Provide for locally controlled implementation program.

Freestanding Growth Centers

--Encourage growth in these freestanding centers as an alternative to large city or scattered rural nonfarm development.

--Support moderate growth compatible with public investments and economic base of these communities.

Let me emphasize several important points about our proposed growth policies:

First--We are not saying no growth. There will be growth and we propose a coordinated planning system involving existing organizations to plan for this growth.

Second--We are not drawing a line and saying that there shall be no growth beyond this line. We are saying that if you go out beyond the urban service area, you should expect to pay the costs and you should not expect services to be extended out to you at the expense
of others. Also, if you force unplanned extensions of services, you should also expect to pay for these extensions.

Third--We recognize that the soil conditions in certain areas are not suitable for all types of urban development. Some areas have exceptionally good agricultural soil which should be retained for agricultural uses and for food production; this will be of increasing importance in the years to come.

Fourth--We do not propose to significantly increase the housing density of the area or to change the percent of single family housing from recent trends. Our policies call for maintaining about the same average density as we now have in the area.

Fifth--We do not attempt to redirect growth from one geographic location to another, e.g., from south to north, east to west. The result of this could be distorted land and housing markets. To avoid this, we have forecasted the growth demand in geographic sectors and proposed a plan that will provide an adequate supply of land in each sector. By adequate we mean a minimum five year supply in advance of demand. In all sectors the supply is close to 10 years greater than the demand.

We have converted these proposed policies into numbers of people and jobs by planning areas as well as by sector.

The population forecasts for each of the five planning areas show where growth has occurred between 1960 and 1974 and where we forecast growth to take place between 1974 and 1990 if our proposed policies are implemented. The bulk of the growth (79.4%) is forecast for the Area of Planned Urbanization.
The same type of comparative data for employment by planning areas indicates that by far the largest amount of the growth is forecast for the Area of Planned Urbanization (58.6%).

The population and employment forecasts for each of the eight sectors that we have studied in detail illustrate the growth that has taken place between 1960 and 1970 and the growth projected between 1970 and 1990. No attempt is being made to direct growth to any particular sector. Instead, the plan is to accommodate forecasted growth in the sector in which it takes place based upon the land available for development, accessibility and past trends.

Let me give you a description of the way in which the Committee used this data to project land demand and supply from 1973 to 1990. Take Sector #4—the Northeast St. Paul Sector—as an example. Based upon the preceding projections we obtain the following need for land in this Sector.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>6.5 sq miles</td>
</tr>
<tr>
<td>Commercial</td>
<td>.9 sq miles</td>
</tr>
<tr>
<td>Industrial</td>
<td>2.9 sq miles</td>
</tr>
<tr>
<td>Public</td>
<td>.7 sq miles</td>
</tr>
<tr>
<td>Streets</td>
<td>4.0 sq miles</td>
</tr>
<tr>
<td>Recreation</td>
<td>1.3 sq miles</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16.3 sq miles</strong></td>
</tr>
</tbody>
</table>

There are 3 important points to be noted about this process:

1. An average or surplus is added to the demand figure to meet development demands for at least five years after the 1973-1990 period. In the above example, this would increase the demand to 21 square miles.
2. The land demand figure would provide for all growth expected in the sector even though we know a portion of the growth will occur in Stillwater, Forest Lake and the rural area on suitable septic tank systems.

3. The land figures exclude all wetlands, flood plains, bedrock areas and steep slopes. Here again we are being conservative because we know some of these areas will be used. This does, however, give local governments the chance and encouragement to protect environmentally desirable areas.

4. The density assumptions are intended to maintain regional averages.

The net result of this process is an urban service area that can readily accommodate the growth expected in a sector. However, we will monitor the land consumption rates and land value impacts so that if we are wrong it can be changed.

That is a summary of the numerical side of where we think growth should occur. Now I would like to discuss the kinds of things that we think should be going on in each of the planning areas:

Visualize two 1990 downtowns in which the office/financial/retail core is surrounded by large-scale residential development, perhaps carefully interconnected with transit. As an illustration, this could be an area as large as from the Cedar-Riverside to downtown Minneapolis to the Loring Park-Guthrie area. A person could live, work, socialize, and have access to a great many opportunities in this area without requiring an automobile. The result of this type of
residential development should be to create a greater demand for entertainment and retail facilities.

In the non-downtown parts of the central cities and in the fully developed suburbs, we find a major housing resource. We do not foresee great growth here but--given the demand for housing, given the investment we have made in this area, given the diverse life styles, given the accessibility--this is an area where we must make substantial effort to create a climate that private money finds attractive through public actions and investment. This may mean putting money into sewer system improvements, fixing streets, improving schools, preserving the river corridors, increasing neighborhood planning potential, rehabilitating neighborhoods--whatever, it must be done.

Our proposals suggest it is time that we give priority to maintaining, replacing, filling in and providing a high quality set of services within a defined area rather than excessive expansion of the urban service area. The major amount of growth as shown earlier will be in the area that is now actively urbanizing. The issue is whether too much growth will go outside the urban service area requiring costly service extensions. By too much growth, I do not mean the majority of future development. Even under the most permissive growth regulations, no more than 1/3 of new residential development is likely to choose a rural location. But even growth of this magnitude would require substantial additional urban services to a very large, low density area. The cost, as previously shown,
would be excessive. The majority of growth will occur in the area of planned urbanization whether there is a development framework or not. Thus we are not proposing any changes in life style for the vast majority of our population in order to achieve significant development cost reductions.

The rural area forces us to recognize that there are other types of growth than urban growth. We can see growth of open space areas, growth of the agricultural economy, growth of hobby farms and such activities that do not require urban services but which use the rural land. Having this area in a rural character will provide more diversity for all of us. We anticipate that there will be small amounts of development in the rural area where septic tanks are suitable and environmentally sound.

We have also done an analysis of the outlying freestanding towns within the seven county area. We looked at them in the following way—where is there an employment base? Where is there a retail trade center? Where is there a reasonable set of urban services such as sewer, water, schools, hospitals? Those communities that can offer an economic base and a public service base do provide a logical choice for those who prefer a life style different than that found in the central urban mass. Our plan will specifically name 12 to 15 such communities which we think should become the centers for outlying growth. Perhaps some of these can become the focus of a new town proposal at some point.

This is a summary of where and how we propose growth take place between now and 1990. We believe that this plan can be
implemented through a coordinated system of planning by existing agencies. More importantly, it is realistic and will be of benefit to both public and private officials in the long run.
WHERE SHALL NEW GROWTH TAKE PLACE

by

Robert von Hoef
Vice President
First National Bank, St. Paul

It is very difficult for me to discuss the question of "Where Shall New Growth Take Place" without the benefit of the previous sessions. I am still struggling with the question of "how" or better "can". How shall new growth be controlled or regulated? Can new growth be controlled or regulated--and by whom?

The questions posed in the outline of this meeting and under the subject of where new growth should take place, can hardly be answered without some understanding of the question of "how" or "can". Should new growth be in areas contiguous to existing urban areas, in areas already served by sewer facilities, in special target areas of particular promise, in the older sections of the region, in the undeveloped areas, or finally, should new growth be encouraged or permitted in new free-standing communities? Each one of these questions poses for me the question of "how" or "can" such growth patterns be enforced. The method or the technique of controlling growth if one exists will, in large part, determine where growth will occur.

"New growth", in my opinion, is illustrated by major or large scale development or redevelopment projects which can establish and reinforce new growth patterns. In terms of the central cities of the metropolitan area--this means redevelopment and rebuilding. In terms of the undeveloped or virgin areas of the metropolitan area,
it means land subdivision, and land use development for residential, commercial, industrial or recreational uses.

New growth will occur in response to the same conditions that have guided growth in the past—that is, where it is economically feasible or economically attractive. Where has new growth taken place in the past?

To over simplify, new growth has taken place in areas where two major conditions exist:

1. **Where speculative land values are present.** Real estate activity occurs when it is possible to change the value of land by changing its use. That change in value is the incentive for the developer. It is the leverage for financing as the developer acquires property at a value reflecting its use, and puts it into his financial package at the value of its improved use. Financial feasibility is the measure of the amount of value change in the land before and after the use change.

2. **Where timing can be controlled.** Real estate development is the process of accelerating the time of development. When the time of development can be shortened, the long-term appreciation of land value can be squeezed into a short time frame providing the economic incentive for the developer.

   This is particularly important in today's real estate market. The intricate decision-making process involved in a large real estate development has been complicated by many
new factors such as environmental concerns, no growth advocates, and many governmental land regulations at various levels of government. The net effect of the resulting elongated decision process will virtually close the door to real estate development for the small developer who cannot afford to be caught in lengthy development issues. This is especially true with the high cost of money. At today's interest rates, an unplanned few months of delay can be the difference between a profit and a loss for the real estate developer.

Announced public improvement programs have been a way to permit the timing of real estate development. The announced plan for a construction schedule of the interstate freeway system set in motion perhaps the greatest real estate development program that this country has ever witnessed. Other public improvement programs such as sewer, water, and local roads were all programmed in relation to freeway construction. These created a unique timing opportunity for real estate developers. The new suburban communities are the products of these conditions.

It can be easily seen that past development occurring in relation to these two requirements has been predominantly in the suburbs. The suburbs have offered the most fertile area for land speculation and for timing controls because of massive public improvement programs.

Will these two conditions exist similarly in the future so as to encourage a continuation of the same kind of development pattern?
My answer to that is no. Under a controlled growth policy, we considerably change the incentives for major real estate development. To illustrate:

a) The speculative land value. Public identification of sites or of areas for development tend to raise the price in anticipation of development and reduce the speculative land value. An illustration is the Diversified Center Program. I would contend that the best way to impede the development of a shopping center is to publicly illustrate a particular location for it. This will virtually make the land unavailable at vacant or existing land use levels.

b) Timing. The Metropolitan Area could save as much as $2 billion if it guided growth in line with the Council's Development Framework Policies. This is a Metropolitan Council conclusion. The most effective way of guiding development in the past has been advanced public spending of public utility dollars in areas of desired growth. It is easy to understand how the Metropolitan Council came to the idea of saving $2 billion by guiding growth when they recognized that the west side of the metropolitan area has been overloaded with public investments. There's little way, as a result, to control growth in this area if it was ever intended to do so. However, it does not solve the problem of controlled growth on the east side of the metropolitan area where public investments have not been made and, where as a result there has not been a great deal of development. All major development
projects are a combination of public and private efforts. Restraint of public spending cannot avoid making project planning more difficult and longer.

Therefore to the extent that we reduce the speculation in land values and elongate the timing procedure, we impede new growth and lessen our control of it.

Have we also affected where growth will occur? To a lesser extent, I think we have. Consider some specific land uses and their locational characteristics:

1. Commercial and Industrial land uses are most demanding of developer incentives. If incentives have been deterred, new commercial and new industrial developments will be difficult. If we desire to control these uses or establish locations for them, we might well be coming to the governmental development agency such as the New York Community Development Corporation. Such an agency can develop the shopping centers or the industrial parks where the plan indicates they should be located--with or without a private developer. There has been some discussion already in the Metropolitan Council of the need for such an agency. Government development may be the product of planned locations for commercial centers and industrial parks.

2. In terms of residential land use, a growth policy could well discourage major residential developers, leaving the countryside to the individual property developer. This will
result in more sprawl and unplanned and unregulated growth. Residential growth can best be accomplished in large scale developments or new towns, where a variety of housing for all income levels can be constructed in a controlled environment. The extent to which this can happen under a controlled growth program will depend on what incentives are provided the developer, the methods of cutting through red tape, and governmental cooperation. In the future large developments will depend more than ever on an effective public-private working relationship. Without a positive program of encouraging new large-scale residential developments, we could end up with less rather than more control over new residential construction.

3. **Central City versus Suburban Development.** In the past, the suburban area has been the most attractive for development. However, if we impede the incentives that have been a part of that development, it could well give way to greater central city redevelopment. This is particularly true with the creation of new vehicles within the central city to provide new incentives for central city developers. These would include the Development Company and the Development District approaches to urban redevelopment. In addition, central city development should be encouraged by oil shortages and travel restrictions. Controlled new growth can have a positive influence on central city development.
In summary, growth patterns will be changed from existing patterns in response to how the enforcement of growth policies affects developer incentives and project timing. Locational restraints and public spending restraints will not produce new growth control and better planned development. What will be needed is positive public leadership, continued advance public spending, and more effective cooperation with private developers.
TWIN CITIES: THE PROCESS OF GROWTH

by
Fred Lukermann
Professor of Geography
University of Minnesota

Introduction:

I have been asked to summarize the past patterns of growth, spatial and temporal, in the Twin Cities and to speculate briefly, if I wish, after that review on the future trend and direction population growth may take.

In order to do that most expeditiously I will show you a number of maps depicting the spread of the built-up area from 1874 to the present, make some comments as to trends and direction of that growth, and finally pick out four types of variables or conditions that seem to account for the pattern of past growth in order to speculate on possible and probable future growth through the year 2000.

Before showing you the maps, let me state some tentative conclusions that geographers, historians and economists have arrived at from the study of Twin City population growth in order to give you a framework within which to view these maps. They may be viewed either as hypotheses to be verified or more properly as assumptions that underlie future planning decisions.

Assumption 1--Population growth in the Twin Cities has not been an "explosion" but a gradual spatial continuation of trends that started within the central cities before 1900. Expansion beyond the central city limits was not a new kind of urban growth but rather a replication of what had
been characteristic of growth within the city boundaries before 1900. Density characteristics of the suburbs today are repetitions of central city trends of the past. The fraction of total metropolitan population in each density class each decade has been relatively stable.

Assumption 2--The growth pattern of the Twin Cities is not a model of previous situations elsewhere. The sequence and pattern of population growth of cities in the United States is singular and unique. The Twin Cities are not going to be another New York, another Cleveland, another Chicago or even another Los Angeles. New York will not be repeated; it is not a model for other cities. Cities in their spatial and temporal complexities are things-in-themselves.

Assumption 3--The spatial expansion of the Twin Cities since the 1870s has "selected out" the same general classes of land and environmental resource conditions throughout the growth period. Builders and developers are concentrating their attention on the same general class of lands now as in the past.

Assumption 4--The pattern of growth since the 1870s has, in general, followed contemporary lines of transportation outward from the central cities. Transportation more than any other variable is the ruling situational vector. Land cost gradients, service accessibility (sewer and water, for example), employment and consumer services availability are locationally a function of the network of transportation.
Summary of Growth:

With those assumptions, or previews, in mind let us begin our Show and Tell. 1838 is ground zero for the Twin Cities. Up to that time only Fort Snelling or its camp follower, Mendota, were places of white settlement in the present metropolitan area—and the military made notoriously bad choices in terms of permanent human amenities.

Map 1—My first map is 1874, two years after the marriage of convenience between St. Anthony and Minneapolis. The base population was 18,079 for the city of the falls and 20,000 for the Athens of the West, St. Paul. The two cities accounted for 30.3% of the total population then in the future 7-county metropolitan area.

Note the other settlement centers with "big-city" pasts or future prospects: Stillwater, Hastings, Shakopee and Anoka. And the two watering places of Lakes Minnetonka and White Bear.

Map 2—The second map is 1900. 1874 was a picture of two nubile, if not pneumatic, efflorescences. The picture for 1900 is of central city coalescence. The action is in the Midway and the road to happiness is the Tom Lowry—the Twin City Rapid Transit company. Central city population was 74.3% of total 7-county population.

Map 3—The third map is 1940. The internal combustion empire has crossed the Rubicon, and we are they and they are us.
The arteries and veins of the central cities and the
digits of the suburbs now receive sustenance from the
gasoline pump. This is the era of the first edition
of PRT, the automobile. Central city population was
79.0% of total 7-county population.

Map 4—The fourth map is 1956, the picture of suburban
coalescence and incorporation. Beside the general
pattern of incorporation is the first transcendence
of the Minnesota Valley barrier to Savage and into the
peat-bogs and sand-plains of Anoka county.

This is also the first general public awareness of
the phenomenon called sprawl. As we have noted it is
not new, it was apparent on the 1900 map. It is
blatantly apparent now however because it is beyond
the central cities and the first suburban ring. It has
burst through the long-held non-agricultural lands of
the near-in suburbs. It is now seeking out the real
farmers, leap-frogging ahead of the long-held urban
fringe wasteland of the pre-war real estate speculator
and the post-war developer.

(Two supplementary maps giving detail on medium density
and low density patterns of growth are appended.)

Map 5—The fifth map recapitulates the in-out migration pattern
of 1955-60. The movement west and southwest is the
most dominant and generally colors the public perception
of the period, but note the circulation is in all directions, albeit at significant differentials.

Map 6--The sixth map is 1964 documenting the breakthrough across the trench of the Minnesota valley. This is the familiarity that breeds contempt. This is sprawl, sprawl, sprawl--sick, sick, sick. Central city population is 50.1% of total 7-county population in 1960.

Map 7--This map of 1970 (dark color) and projection to 1985 (light shading) is all to familiar. It shows above all the consistency of trend and pattern from the beginning. 1985 is merely an extrapolation of the past. The inference is that all this is natural. No way can the tide be turned--nor should it be. The Twin Cities, as is, is the best of all possible worlds. Interfere with the natural process of urban growth at your peril.

Map 8--The estimated pattern of 1985 differentiated as to population density classes.

(A supplementary map of a) renewal areas, b) maintenance areas, and c) new development-expansion areas, gives a more detailed staging to the 1970-85 growth process.)

Summary of Trends:

I have now reached a point where my introductory assumptions and my summary conclusions are one. The map of 1985 is to my mind just "more of the same." The Twin Cities are singular, unique, a
product of their history. The Twin Cities are a happening. How do you control a happening? Or guide it? Or manage it? The answer is—very carefully, of course.

If we seek to influence the future course of growth, there are, of course, many variables (largely dependent) that can be identified from the past. I can only cite a few and make very brief comments, but they may indicate even at that cursory level the questions that should be raised and the problems that may be faced.

These then are a few (four) of the conditions of future growth in a time-space continuum.

**Condition 1**—Growth can be controlled and even stopped by zoning.

**Map 9**—This map is of open space, supposedly an amenity well worth fighting for. Note its distribution, particularly its peripheral or marginal distribution, but is is absolute; it either is, or it isn't.

**Map 10**—This map is of the metropolitan sewage districts. Its characteristic condition is also either-or; again it is largely a boundary condition.

(A third map by Boudrot specifies a third condition, land costs (value per acre) which is incidentally like a road map an index also of size of land holding.)

In both maps the factor of dedication is paramount. There is obviously a cost involved, but is largely public, subsidized cost and cannot be escaped by higher individual income, educational level, or any
other individual status. The zoning power is a powerful instrument that can control growth, if it itself does not have a boundary condition such as a municipality or a metropolitan 7-county authority.

**Condition 2**--Transportation availability is an obvious controlling variable instrumental in accounting for past growth trends.

Map 11--This is a map of the urban circulation system, highway thoroughfares. Two types of control are obvious: differential costs such as higher energy prices can be manipulated, but the effect is regressive, it favors those who can afford it, but don't need it, or depend upon it. Speed limits, on the other hand, are ideal, if you can enforce them. In effect speed limits are zoning laws and operate under similar constraints.

Map 12--This is a map of projected mass transit. It could change the density structure and the spatial configuration of future growth--if combined with zoning implementation.

(Two maps of commuter volume and pattern are appended for further detail.)

**Condition 3**--Service and employment locations are a major vector affecting the pattern of urban growth.

Map 13--This is a map of shopping and consumer service
patterns and traffic configurations in an urban growth model. Their zoning is another indirect but very influential planning constraint.

(Two maps are appended: one of major office locations and one of the recent locational patterns of industrial plant growth.)

Condition 4—I don't wish to conclude without again referring to the central cities. They are coming back. They are coming back as areas of growth for minorities, the low income, and a different style of urban residence. For 1880 through the year 2000, the greatest relative growth in the central cities and the inner ring of suburbs will be in the Minneapolis and St. Paul business districts, which in turn are areas of urban renewal, minorities and swinging couples and singles.

(See the map of minority concentrations and table of population projection below for more detail.)

<table>
<thead>
<tr>
<th>TABLE I. --PROJECTED GROWTH (NUMBERS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Twin Cities</td>
</tr>
<tr>
<td>- Population</td>
</tr>
<tr>
<td>- Households</td>
</tr>
<tr>
<td>- Employment</td>
</tr>
<tr>
<td>Minneapolis</td>
</tr>
<tr>
<td>- Total population</td>
</tr>
<tr>
<td>- Central Business District</td>
</tr>
</tbody>
</table>

| St. Paul                               |        |        |
| - Total population                     | 309,947  | 312,700  |
| - Central Business District            | 2,835    | 11,600   |
Conclusion:

I leave you with really only one conclusion because of the improbability of the second.

Conclusion 1--More of the same.

Conclusion 2--Guided or managed growth--but only if the 7-county becomes N counties; planning is backed by enforcement; planning is backed by education; planning is backed by public support and a representative council. It is in the last items that the paradox and the improbability lies--if as they say politics is compromise.
MAPS IN ORDER OF PRESENTATION

(TWIN CITIES: THE PROCESS OF GROWTH)
Subdivision density

Multiple
High
1 - family
Medium
Low

Central business district (CBD)

FIGURE 1 Subdivided area, 1940. The two densely settled areas adjoin the central business districts of Minneapolis (west) and St. Paul (east). The Mississippi River crosses the map area from northwest to southeast. The Minnesota River enters the metropolitan area from the southwest. The large isolated low-density area west of Minneapolis surrounds Lake Minnetonka, with roughly 200 mi of shore. Distance from southwest corner to southeast corner of map is 50 mi. (From Borchert, 1961.)
FIGURE 2  Industrial districts and residential spokes, 1940. (From Bochert, 1961.)
FIGURE 3 Expansion of medium-density subdivision, 1874-1956. Persistence of distinctive rates and directions of growth in different sectors of the metropolitan area is evident. (From Borchert, 1961.)
FIGURE 4 Expansion of low-density subdivision, 1874–1956. Prominent low-density spokes to northeast from St. Paul and west from Minneapolis reflect the pull of major lakes. (From Borchert, 1961.)
Sanitary sewer (storm sewer, if any, is separate)

Combined sanitary and storm sewer

Frontier of subdivision 1964

FIGURE 5 Central sewerage systems, 1966, and outer boundary of low-density subdivision, 1964. Comparison of the low-density frontier position in 1964 with 1940 (Figure 4) shows deemphasis of spokes of growth and fill-in of interstitial open land in the 1960s. Map also shows lag of sewer extension behind subdivision expansion. (From Borchert and Yaeger, 1969.)
FIRST-EVER MAP OF LAND VALUES IN METRO AREA
Suggests Region is Ripe for Urban Sprawl
Metropolitan Principal Arterial Plan System Status 1980 (indicates Corridors Only)

- Class I Principal Arterials
- Class I Principal Arterials Rights-of-Way Reserved

- County Boundary
- Municipal Boundary
- Township Boundary
- Water Body

Preparation of this map was financed in part by planning grants from the Department of Housing and Urban Development and the Department of Transportation.
POPULATION DISTRIBUTION OF MINORITIES

(Compiled from 1970 Census data)

• = 50 persons

BLACK

SPANISH-SPEAKING
REDEVELOPMENT OF THE URBS

by
E. J. Chorn
President
Minneapolis Council of Community Councils

Introduction
First I want to refer to the surveys by the Metropolitan Council and the Metro Poll which have been cited as evidence that 85% of the people want to live in a three bedroom rambler, on a winding street, in Rolling Hills. This past weekend I conducted an informal survey and found that 93% wanted to live in a big old house, on a quiet street, in the center city "where the action is". The other person (7%) wanted to live in a bachelor's pad in the downtown district overlooking the river.

Therefore, it is my opinion the "ideal" housing situation of the other polls is more a reflection of the advertising man's influence to induce persons to buy in the new development.

It could also be a reflection of the frustration of living a fast paced life and not be related to the realities of living in a house and community.

Redevelopment in the Urbs - Developer's Viewpoint

The topic for today is "Where Shall New Growth Take Place?"
If one could believe the ad man, this idyllic scene will remain even though a few houses--particularly the one they want you to buy--may intrude.

Furthermore, to give you greater incentive to buy in Rolling Hills, they would have you believe that the center city is not a good
place to live because it:

--is crime ridden and you must fear for your life;

--has an outdated school system; and

--has deteriorated commercial centers and run-down housing.

They would have you believe that to solve the ills of the city, one need only give free rein to the bulldozer and like the phoenix of old, there would rise from the ashes suitable and adequate housing for all.

Redevelopment in the Urbs - Community Viewpoint

This viewpoint does not harmonize with the perception of the central city those of us who reside within the cities.

We see:

--open spaces for creative activities;

--neat and distinctive neighborhoods;

--well kept housing; and

--attractive and highly regarded speciality shops and unique and individualized shopping areas.

Neighborhood residents are opposed to large scale redevelopment. We see reconstruction of the city as an individual enterprise through programs conducted by the community and renewal planned by the community.

So we have a conflict in points of view and each time a piece of vacant land appears, there is competition for its disposition.
Shall it be:
--individual housing;
--low rise housing;
--high rise housing; or
--commercial?

Until recently, the average citizen has not had much influence in the redevelopment planning of the central cities.

Citizen Participation

We have no doubt that central city renewal is being managed. We feel that the redevelopment is controlled principally by the city planners and the developers and not by the residents.

The stereotype of most suburbanites is that the City is one shimmering mass, teeming with the Poor, the Elderly, and the Minority; that these people are disinterested in their future, they are not concerned nor do they want to have control of the redevelopment of their neighborhoods; their only wish is to leave and find a home in the suburbs.

Like a droplet of water which to the naked eye appears sterile but under the microscope is teeming with life, so is the center city.

In fact, I would suggest there is more concern and activity at the neighborhood level within the Minneapolis and St. Paul city limits than in any of the suburbs.

To illustrate, let us look at the residential groups within the city of Minneapolis. St. Paul has a similar structure.
1) The organization I represent, the Council of Community Councils, is a federation of two dozen multi-issue neighborhood groups covering over half of the city. Our goal is to maintain the residential character of the city, coordinate development at the local level and protect and improve the neighborhoods' environments.

2) Another major group established in the urban renewal areas is the Project Area Committees (PAC's)—their focus is primarily in housing and physical development of the neighborhoods and some concern, such as in model cities, with social service programs.

3) Then there are approximately 20 unaffiliated organizations who either are not eligible for the C of CC or PAC, do not want to join, or are so recently organized they have not applied for membership in one of the umbrella groups.

4) And there are three regional coalitions of organizations not usually considered as neighborhood groups, such as churches, businesses, single issue organizations, and community social service agencies. Some neighborhood groups also belong. Looking at a composite, the city is well covered by community based organizations who are demanding more control over the redevelopment of their neighborhoods.

Until recently, most neighborhood groups have shown little interest in metropolitan affairs, just as the metro governments have shown little awareness of the composition of inner city neighborhoods. Do you realize that the average neighborhood in Minneapolis has a
larger constituency than three-fourths of all the metro communities, yet the influence of smaller communities is much greater in metropolitan affairs.

Or, if the neighborhood size is too small and we use the ten officially designated communities of the Minneapolis Planning Department, we would find that the average community in Minneapolis is equal in population to the largest of the suburbs. Only six suburbs would have larger populations.

Within the past month, each community has formed a nucleus of organizations for the purpose of providing citizen input in the usage of community development revenue sharing funds. These groups will act as a medium for communication between the decision makers and the neighborhood residents, and are working to develop a more permanent structure of citizen participation in the decision making process.

What final structure this citizen participation program will take is not clear. We do know that it must:

--decentralize the decision making;

--coordinate all governmental planning;

--enhance and supplement programs of existing groups; and

--be representative of the total community.

When it is established, urban redevelopment will take place within a cooperative rather than competitive environment.

**Conclusion**

I would now suggest several policies which should be incorporated into any metro development plans.
1) I would suggest that redevelopment of the central cities can be done more effectively if we use a comprehensive, integrated and individualized approach to solving the city's problems.

2) There will have to be more coordinated planning in the areas of Housing, Transportation, Health, Welfare, Education, Economic Development and Security.

3) By comprehensive I mean that all governmental units must incorporate the total needs of the community in their development plans, and these plans and programs need to be coordinated with the plans and programs of other agencies.
University of Minnesota
WORKSHOP ON METROPOLITAN GROWTH

Session 5

Wednesday, November 13, 1974

How and By Whom Will Our Growth Be Managed?

What is the role of the Metropolitan Council? Of the State Legislature and state agencies? Of local governments?

How do we achieve a smooth and coherent meshing of governmental actions at all levels - federal, state, metropolitan, county, local, and special district?

How can individuals participate effectively in decisions that affect them?

What specific decisions should we expect of the 1975 Legislature?

How can we relate public growth policies to long-range plans of private firms?

Session 5 Keynoters:


Gerald W. Christenson--Director, State Planning Agency. Chairman, State Environmental Quality Council, which coordinates all environmental programs for the State of Minnesota. Vice Chairman, State Housing Finance Agency. President, Council of State Planning Agencies. Former national Executive Director, President's Council on Youth Opportunity. Dr. Christenson holds a doctor's degree in educational administration from the University of Minnesota.


Elliott Perovich--Principal, Blaine Senior High School. Former Mayor of Anoka (1969-73). President, Association of Metropolitan Municipalities. Chairman, Metropolitan Parks and Open Space Commission. Member, Metropolitan Council Chairman's Advisory Committee on Local Government. Mr. Perovich has been in the Anoka school district system for 19 years, serving previously as principal of Roosevelt Junior High School for eight years.
HOW AND BY WHOM WILL OUR GROWTH BE GUIDED?

by

John Boland
Chairman
Metropolitan Council

Before talking about how and by whom growth will be guided, it is important to recall that the Legislature began this whole process back in 1967 when the Metropolitan Council was created. At that time, the Legislature told the Council to come up with a plan to coordinate the economic and orderly development of the Area. The Council has been working on various aspects of this plan ever since, and our current work on Development Framework is our most significant step to date to carry out the Legislature's original intent.

How will growth be guided?

By whom will it be guided?

As far as the Metropolitan Council is concerned, two simple and direct answers to these two questions seem to be emerging. Please keep in mind that the Council's work on Development Framework has not been completed and so my statements are only preliminary thoughts and not final decisions. We will be holding a series of public meetings in January and meeting with several task forces and others over the next two months. This is the same process we have followed for the last year and a half to sincerely try to get as many people involved and aware of our work as possible. We believe we've had a rather unusual process that has included weekly bulletins to interested and affected people, interim public meetings, task forces, preparation of discussion statements, and personal contacts and phone calls. These
activities have meant a great deal to the work done to date and I am sure they will continue to have an important impact on the final product also.

However, we have spent over a year and a half working with numerous organizations and task forces, holding meetings and hearings, and working on almost a weekly basis at the committee and staff levels. And this process has produced some very basic ideas on how we suggest these two questions be answered at this time.

HOW?

First, the question: How will growth be guided? We believe the answer is that growth should be guided through a coordinated and complete planning process. I want to emphasize that planning and development are not static subjects. They are evolving and dynamic subjects and, because of this, there is a need to create a process and a focal point to identify, consider, debate and make decisions. One-time decisions are not the answer. The solution can come only through a process that involves interested and affected persons.

BY WHOM?

The second question: By whom will growth be guided?—has already been partially answered. Growth should be guided by several groups depending on the type of growth. In other words, the responsibility for guiding growth will be shared by several existing agencies. We are recommending that the basic authority for implementation of a regional development framework continue to rest with counties and
municipalities. This is because local governments already have the administrative structure and many of the tools and powers needed to guide growth. Through the Development Framework, the Metropolitan Council will support local government by providing:

1. An overall framework for metropolitan systems, such as sewers, transportation, parks, housing;
2. Planning and legal assistance;
3. Legislative recommendations for fiscal support of local government.

IMPLEMENTATION

The overall implementation program will be designed to guide growth, not to reduce the total growth forecasted for the Metropolitan Area. The methods used to guide growth should coordinate the delivery of public services at all levels and streamline, instead of complicate, the governmental process. Public investment at all levels can then be made with a set direction and priority rather than in reaction to development problems. Interference with the private economy will be minimized. At the same time, it will ensure that the private sector does not make unreasonable demands on the taxpayers' public investments.

Metropolitan and State agencies now have planning and capital programming responsibilities for sewers, transit, highways, parks, and airports. Local units of government have the power to plan development and adopt regulatory codes, ordinances, capital improvement programs, and administrative mechanisms for enforcement. However, there are inadequate links between metropolitan facility planning and the development which the facilities are to serve.
Local governments may use planning, regulations, and capital programming to guide public investment and development, but they are not required to do so. There is currently little that requires coordination between metropolitan facilities and investments and local facilities and investments. In addition, private development decisions need not consider where metropolitan and local investments in public facilities have been made. The remedy to this situation is the focus of the Council's proposed implementation effort and the Council's recommendations to the 1975 session of the State Legislature.

And we must keep in mind that the Council is the creature of the Legislature. We were all established by the Legislature for a common reason—to deliver services that the Legislature or citizens want to receive. So when we ask the questions "By Whom?" and "How?", we can't forget that the Legislature is possibly the most important participant in this whole process.

Specifically, the Council is proposing that growth be guided by a program that includes the following:

1. Consistent planning and programming of development at the metropolitan, county, municipal, township and school district levels. State law should be amended to require consistent development plans and capital programs from all local governmental units, as follows:
   a. The Metropolitan Council should prepare and adopt plans for the following metropolitan systems: sewers, highways and transit, parks and protection open space. These plans will be updated periodically based on regional population, employment, and housing unit forecasts.
b. **County Development Plans** should unify public facility plans and capital programs for county transportation, parks and solid waste. The County Development Plans should contain the information needed to determine the impact of planned county facilities on metropolitan systems. With the exception of Hennepin and Ramsey Counties, counties will also have backup responsibility for preparing plans for unincorporated areas if townships fail to prepare and adopt their own plans. The Metropolitan Council should review and approve those features that affect metropolitan systems.

c. **Municipal and Township Development Plans** should contain the information needed to determine the impact of planned local development on metropolitan and county systems. Development plans should identify the Urban and Rural Service Areas, the timing and staging of new development, densities, capacity requirements of metropolitan systems, and the maintenance and renewal of existing development. To make sure that these plans can be implemented, a five-year capital improvement program and appropriate development ordinances should be included. Elements affecting metropolitan systems should be reviewed and approved by the Metropolitan Council.

d. **School District Development Plans** should identify the timing and staging elements for the location and service areas of school facilities.
2. The Metropolitan Council will administer a local planning assistance program to aid in the preparation and implementation of county, municipal, township, and school district development plans. The local planning assistance program will seek to provide both planning funds and professional planning services. This effort is now underway.

3. A Metropolitan Development Fund administered by the Metropolitan Council should be established to provide financial assistance to governmental units for planning and implementation activities necessary to carry out the Development Framework. This will require legislative action.

4. Counties, municipalities, townships, and school districts should develop a systematic approach for citizen participation in their planning and implementation processes. This can be done without additional legislation and, here again, the Council stands ready to provide assistance.

5. Municipalities should be given the power to create municipal development corporations which would consolidate within one agency the public development and redevelopment functions of the city. This effort could include developing programs to stimulate re-investment in housing in fully-developed areas including financial incentives, grants and possible demonstration programs for metropolitan land banking and land write down. This will require action by the Legislature.

6. If development requires an unplanned extension or upgrading of a metropolitan system, the governmental units that issued the
building permit should bear responsibility for the full cost of these extensions or improvements to the metropolitan systems.

7. The Minnesota Pollution Control Agency should adopt septic tank regulations that permit septic tank systems only in locations where surface and groundwater pollution is unlikely. Periodic inspection and maintenance of systems should be required. Counties should be responsible for enforcement of the regulations and should conduct installation and periodic maintenance inspection programs.

8. The Legislature should further charge appropriate agencies (EQC, PCA, DNA) to establish a uniform process for development review.

9. The Legislature should charge the Council, the Association of Metropolitan Municipalities, and the Minnesota Housing Institute with the responsibility to review codes and ordinances as they affect housing costs.

10. The Council should undertake a joint effort with Minneapolis and St. Paul and other fully-developed communities to develop a long-range strategy for revitalization, preservation and maintenance of fully-developed areas.

FURTHER IMPLEMENTATION STUDIES

The Metropolitan Council feels that the above system provides the needed links between metropolitan and local development planning and between development planning and public facility investments.

During 1975, the Metropolitan Council will undertake additional implementation studies. These items have promise and should add
further dimensions to the implementation program. In addition, other groups and agencies are studying items which the Council may support. The following are the Council's priority items for further research and study during 1975 for possible action in 1976:

1. Agricultural preservation methods.
2. Ways to consolidate required state and regional reviews of development proposals into a single statement and public hearing.
4. Taxation only on land instead of on property improvements.
5. Use of the Metropolitan Development Fund to provide financial aid for local implementation activities, including purchase of land on official maps.
6. A review of Development Framework by the Metropolitan Council's Human Resources Committee to determine its impact upon social concerns.

One further point is important: We recognize that guiding metropolitan growth will probably increase growth pressures in counties adjacent to the Metropolitan area. Adjacent counties in Minnesota should be required to prepare and adopt county plans designating urban and rural areas and appropriate enforcement mechanisms. The State Planning Agency and regional commissions should assist these counties in planning and enforcement and should be given authority to adopt and enforce plans if the counties do not. This will require action by the State Legislature.
Finally, I want to emphasize that Development Framework will not be static. The process of guiding growth, like growth itself, is dynamic and constantly changing. Many must be involved in the process. We will not change the basic process. We are suggesting that since many decisions are being made and will continue to be made, there ought to be a process for involving those who are affected by such decisions. We believe that both citizens and public and private agencies will be better off with this type of framework for guiding growth.
HOW AND BY WHOM WILL OUR GROWTH BE MANAGED

by
Gerald W. Christenson
Director
State Planning Agency

The basic theme of today's workshop is who should make our growth decisions. The answer to "who should" can only be deliberated after we have a better understanding of who does make our current growth decisions and who can make decisions which will reflect society's wants or needs in the future. Other speakers have addressed the extent to which private sector decisions impact the type, rate and direction of growth in the metropolitan area, as well as the state as a whole. Accepting the fact that the economic market will continue to function and, therefore, the private sector will continue to have an impact on the type, rate and direction of growth in the future, I would like to briefly address the role of the public sector in growth decisions. It is clear that the public sector will interact with the private sector and vice versa in future growth decisions and that in the public sector there exists a wide range of decision makers, all of whom have important roles to play in that interaction. We must recognize, however, that within that wide range of public actors, it is the elected officials at the state and local levels who will ultimately be held accountable for the growth decisions. In fact, the elected officials will be accountable for all public sector decisions. To talk about the decision processes necessary for managing, directing, or controlling growth without a recognition of the important role that elected officials must necessarily play will not be a fruitful discussion.
Much of what we are trying to accomplish in the growth decision process in the public sector in Minnesota is related to strengthening the role of elected officials by ensuring that they have the appropriate tools, information and resources available to make sound growth decisions.

State government in Minnesota is involved in a number of ways in dealing with the matter of metropolitan growth. It has already been pointed out that the Chairman and members of the Metropolitan Council are appointed by the Governor so a direct linkage exists with the Executive branch of government. The Legislature determines the taxing powers of the Metropolitan Council and, by statute, establishes policies and standards which must be adhered to by the entire state, including the metropolitan area. So there are obvious linkages with the Legislature.

The question is sometimes asked, "What role does the State Planning Agency play in planning for the needs of the seven-county metropolitan area?" There are times when we would like to play a more active role in the planning activities of the metropolitan area, but we have been forced by the reality of limited resources to limit our direct participation in those activities. We have placed primary emphasis in the State Planning Agency on providing for the planning needs of the eighty counties outside the metropolitan area. The State Planning Agency, however, has first-hand knowledge of the capability of the Metropolitan Council staff and has developed a good working relationship with the Council. We both know that, in discussing the matter of metropolitan growth, it is essential to
extend our discussion to state growth. The decisions made regarding growth in the metropolitan area will affect the rest of the state.

In this state growth context John Boland, the Metropolitan Council Chairman, and I serve as ex-officio members of the Commission on Minnesota's Future. The Commission on Minnesota's Future, a forty citizen member Commission, is staffed by the State Planning Agency, and is charged by the legislature with responsibility for developing a state growth and development strategy for consideration by the 1977 Minnesota Legislature. Obviously, the Metropolitan Council's growth strategy will be considered as a component of that overall state strategy.

Another area of contact by the State Planning Agency and the Metropolitan Council relates to the Environmental Quality Council (EQC). As State Planning Director, I serve as chairman of the EQC; the State Planning Agency provides the staff support. The EQC has broad authority for promoting and coordinating environmental protection in the State of Minnesota, thus having an impact on growth. For example, the EQC has the authority to overrule the actions of the various state departments and agencies. The EQC also has important responsibilities in the siting of power plant and transmission lines, in designating critical areas and in implementing a state Environmental Impact Statement (EIS) process. One specific example of the relationship between the EQC and the Metropolitan Council relates to the protection of the Mississippi River Corridor. It is expected that
the Metropolitan Council will recommend to the EQC designation of the river corridor as a critical area. If the EQC members agree that designation would be desirable, it will so recommend to the Governor for possible designation. It is clear that this will have an impact on metropolitan growth.

Another example of the relationship between the Metropolitan Council and the EQC involves the Environmental Impact Statement (EIS) process. Our EQC experience over the past year indicates that we are receiving requests for EIS's on a wide range of projects, many of which can be regarded as primarily local in nature. Some of us feel that it will be impossible for the EQC to adequately consider and recommend action on all of these requests. We think there may be value in modifying the procedures in the following ways:

--Tough state standards should be adopted that local units of government would have to conform to.

--The state should also adopt a system guaranteeing citizens a fair process at the local level. This fair process would include adequate notice of public meetings, public hearings, grievance procedures and the like.

--The state should provide technical assistance and a grant program to assist local units in carrying out these environmental assignments and, thus, provide tools to local elected officials for use in the growth decision process.

It may be clear from what I have just said, that I think elected officials at all levels need to make the basic growth and development decisions in Minnesota.
The Commission on Minnesota's Future can recommend alternatives to the legislature, but it is the legislature which must make the decisions. The Metropolitan Council can recommend alternatives to the legislature or to local elected officials, but the elected officials must make the final decisions. The EQC can carry out assignments given to it by the legislature, but the basic policy decisions should be made by elected state and local officials.

Land use planning is also a valuable tool in the growth decision process. I believe that the State of Minnesota is in a much stronger position in land use planning than most people realize. Fundamental to sound land use planning is a good tax structure. Because of the School Finance-Property tax Reform Program enacted by the Legislature in 1971 and refined in 1973 we have taken much pressure off the property tax. Today, local officials in Minnesota can afford to make better land use decisions in their jurisdictions, and not be forced into indiscriminate growth decisions for local tax purposes. Also essential to good land use planning is a sound information system. Minnesota, through its Minnesota Land Management Information System and other work, is probably as advanced as any state in the country in developing a land management information system.

The state has passed strong environmental protection measures in the last few years giving the state the power to cite power plants and major transmission lines, to protect critical areas, to provide for an EIS process, to protect scenic and wild rivers, and to guide lake shore development. Most of this authority is to
protect areas of more than local significance from environmental degradation.

If one examines the State of Minnesota, it appears that most of the growth-related natural resource land use conflicts in the years ahead will occur in northeast Minnesota. The conflicts there will occur over the use of the land for recreation, forestry, watersheds or for copper-nickel and taconite mining. The State of Minnesota working with the Arrowhead Regional Development Commission is presently engaged in a number of activities that will help to reconcile these conflicts. For example, the State Planning Agency and the Department of Natural Resources are cooperating with the Arrowhead Regional Development Commission and others in a study of the consequences of copper-nickel mining in that areas of the state. The EQC, at its October meeting, voted to require an EIS to be prepared on the entire matter of copper-nickel mining in northeastern Minnesota, thus becoming directly involved in a growth decision. The Arrowhead Regional Development Commission will work with state agencies in the preparation of that EIS.

Also, the federal government has provided $100,000 to develop a coastal zone management program along Minnesota's north shore of Lake Superior. A task force which includes representatives of the three northeast counties on the shore of Lake Superior plus the Arrowhead Regional Development Commission is working with state agencies to develop recommendations for the protection of the Lake Superior shore.
Still another example of shared cooperation in land use planning directed toward protecting vital areas is planning related to Voyageurs Park. The State Planning Agency chairs an interdepartmental group that is working with the Arrowhead Regional Development Commission and local units of government to protect the peripheral area of Voyageurs Park and to provide for sound development in that area. The legislature has provided planning assistance to the State Planning Agency for this purpose and has also provided funds to Koochiching and St. Louis counties to assist them in these efforts.

Aside from the land use conflicts mentioned above in north-eastern Minnesota, most of the other pressures will occur as a result of the population sprawl in the seven-county metropolitan area and surrounding counties. The impact of this growth may involve greatly increased public service costs. The State Planning Agency applauds the efforts of the Metropolitan Council in attempting to implement a developmental framework. Along with members of the Metropolitan Council, we will be observing with interest the reaction of the legislature to the development framework. Perhaps as a result of the interaction between the legislature and the Metropolitan Council, the need for a development strategy for the fringe counties outside the seven-county metropolitan area will become apparent. Perhaps some of the lessons learned from the Twin Cities metropolitan development strategy experience can be adapted to meet the needs of the outstate cities who are experiencing sprawl on a reduced scale.

In summary, it should be clear by now that, in the public sector, the actors who affect or make growth related decisions come in many
shapes and forms. No matter whom we determine can best make growth
decisions, I believe we must rely on basic policy direction from
elected officials and build in accountability pressure points for
bureaucracies who implement the policies so that we can evaluate
whether the decisions are addressing society's wants or needs.
HOW AND BY WHOM WILL OUR METROPOLITAN GROWTH BE MANAGED?

by

Clayton L. LeFevere, Attorney
Former Member of the Metropolitan Council

Our part in this seminar is concerned with "How and By Whom Will Metropolitan Growth be Managed?"

It is becoming increasingly clear that our growth will be greatly influenced by such factors as the world population explosion, the world food crisis, the unprecedented demand for investment capital, energy shortages, the diminishing supply of other critical resources, changes in population growth patterns, changes in life styles and consumer demands and the general condition of the economy. Governmental actions and private decisions will be greatly affected by these forces. The forces themselves will be interacting. The resulting effects upon metropolitan growth are almost totally unpredictable.

We are faced with the possibility that the kind of development we are now trying to anticipate and shape will not occur; or future development may be influenced so much by forces beyond our control that our present perceptions of the need for such management and the possible measures that can be taken to meet the need will miss the mark completely. The future shape of the metropolitan area may be influenced as much or more by the Shah of Iran as by John Boland and the Metropolitan Council. This is not to say that we should not try to manage the location and type of development within the metropolitan area. The benefits of a successful effort could be enormous. If it can be done we can
achieve (a) better utilization of existing public investments, (b) economies in transportation costs, (c) many forms of energy and resource conservation, (d) the preservation of increasingly precious agricultural resources, (e) the preservation of scenic and recreational areas and other environmental resources, (f) the expansion of housing opportunities for the poor and the elderly and (g) the maintenance of the health of the inner core areas. The effort should be made.

Many proposals have been made on methods of managing metropolitan growth. Some of these proposals assume that we will not be operating in a market economy. For the purposes of my discussion I assume that we will be operating in a market economy.

Other proposals have been made along the lines of European efforts to manage metropolitan growth. Mixed market countries in Europe have recognized the limited supply of land and have regulated its use like a public utility. Advance public acquisition of land areas around metropolitan centers has been used extensively. I assume that such heroic measures are not now economically or politically possible.

Other proposals have included mandated, integrated local and regional planning, the use of ad valorem and income tax incentives and disincentives, systems for certifying any development before it can occur, abolition of zoning classifications and the substitution of improved design and construction standards, subsidies, grants, local government consolidation and many others. Even with the necessary qualifications it would not be possible for
a participant in this forum to react to all of these proposals in a meaningful way in the allotted time. I shall not undertake it.

If we are to try to manage anticipated metropolitan growth, however, I think that we should understand the nature and limitations of the planning. While I am not a planner, I have at least had an opportunity to observe and participate in the planning process in the metropolitan area for the last 25 years and have formed some opinions about planning which influence my conclusions about the "How and By Whom" questions.

1. The market can frustrate or defeat planning. Soon after World War II the housing boom hit Richfield. The city had a zoning ordinance which classified lands for residential, multiple residential, commercial and industrial uses. However, the districts were non-exclusive, i.e. residences could be constructed in commercial and industrial districts, etc. It was not expected that this would occur frequently. The expectations were wrong. Federal policies gave maximum impetus to the construction of single family residences, available to veterans with little or no down payment.

Market pressures for single family residential land were so strong that all of the residential areas and many of the commercial and industrial areas were sold and developed for single family residential use. The market had spoken.

A number of years later money policies and tax laws made multiple family residences more attractive to developers. When that happened, apartments went up not only in the multiple residence
areas but in most of the remaining industrial and commercial areas. The market had spoken again.

More recently, there was good money to be made on service station sites and fast-food locations. In Richfield, as elsewhere throughout the metropolitan area, efforts to control the location and type of development, so as to limit or exclude these uses in some commercial areas, met with repeated rebuffs in court decisions. The courts would not permit local regulations to operate so as to deprive property owners of the greatly enhanced values available to them in the marketplace.

Our experience has been repeated many times over throughout the metropolitan area, where market influences have overpowered planning efforts. My conclusion is, of course, that planning must be reasonably consonant with market conditions or it is likely to fail.

2. **Planning can influence the market.** Other participants have called attention to ways in which lot-size requirements, subdivision requirements and minimum house-size specifications have done this. In jurisdictions where the requirements are more stringent, they may (a) operate to change the nature of the market (as from low-cost to high-cost residential development) and (b) operate to cause the market to go elsewhere. Where lower land costs and lower development costs and building requirements are enough lower, they will outweigh other financial considerations for home-hungry purchasers, such as the increased costs of transportation. As long as the costs of
development resulting from planning regulations are not substantially the same throughout the entire market area, the market will react to the differences.

This indicates that development standards are a matter of metropolitan concern. Present-day cost differentials resulting from local regulations (a) could be modified by uniform standards or (b) could even be formulated in such a way as to create a regulatory "tilt" in favor of closer-in areas. Diversity could still be permitted by allowing different standards within municipalities.

3. Planning does not create the market. Development can be influenced to locate or not locate in a given area on the basis of the quality of local planning. There are marked differences among the municipalities in this area in the success they have had in obtaining desirable residential, commercial and industrial development. When the development was about to occur somewhere, planning, or the lack of it, helped shape the market decisions as to location.

I believe that the same kind of dynamic operates among metropolitan regions.

But without a sufficient market, planning is ineffective, even irrelevant. It has frequently been pointed out that with the fragmented planning we now have in this area, enough land has been reserved for "industrial" use to last for decades. Classifying the land as "industrial" has not caused the development to occur. Most of the recepctables are standing empty. The market
Some people would state this point more forcefully - that planning not only does not create the market but it can destroy the market. Our metropolitan area probably can be expected to generate some of its own additional development. To the extent that this development is "captive" to this area, it should be fairly amenable to regulation. If the regulations become too stringent in relation to regulations elsewhere, the non-captive market could be driven away. The measures we attempt should not be permitted to do this.

4. Planning must be on a realistic geographic basis. Planning in the seven-county metropolitan area will not be adequate if private transportation remains as accessible as it now is. Leapfrogging development has already leaped well beyond the confines of the seven-county area into outlying counties in Minnesota and Wisconsin. Any plan to designate lands as agricultural or rural, and therefore not subject to urban development, would have to extend to the limits of the effective metropolitan development market area.

This means that in order to manage metropolitan growth, we must have consistent statewide policies on land use and urban growth. With such policies, a state strategy can be devised to assist the metropolitan area in its efforts. Such strategy could include the use of the powers of state agencies concerned with planning, environmental protection, pollution control, agriculture, natural resources, highways and others. It could also involve systems of ad valorem and income tax incentives and disincentives designed to affect the dynamics of the market.
Unfortunately, we do not have a history of concerted inter-agency action in this state on matters of this kind.

The planning process requires not only state but federal participation. Decisions at the federal level on tax incentives and disincentives, the availability of private credit, and the availability of loans and subsidies to local governments can have a much greater effect upon the process of managing development than any actions I can envision on a state or local level. Federal government action can shape the dynamics of the market in ways that no other actor can. It has the capacity to bring market dynamics into line with planning goals.

There is no assurance that this will occur. For example, federal policies may place a high priority on "reviving the housing industry" with little or no regard to housing locations and types. If this happens, local efforts to manage development will prove unavailing.

If federal law and policy were to be directed towards managed growth, nationwide, in pursuit of federal land use and urbanization policies (not now existing) then local efforts consistent with such federal policies can succeed. I can only speculate, like you, on whether or not such clear-cut federal actions may be forthcoming. National action in European countries may be somewhat more easily arrived at because (a) the limited supply of land and resources has been apparent for a longer time, (b) property rights have not enjoyed as much protection and (c) the political
dynamics have been more favorable to such action.

My conclusions on the "How and By Whom" question, therefore, are these: If metropolitan development is to be managed, it will require a recognition of the strengths and weaknesses of planning and of the tremendous influences of the market. It will require a consistent and comprehensive effort on the part of local, state and federal governments to (1) formulate consistent land use and urbanization policies (2) use the tools of land use planning in pursuit of such policies and (3) use other available governmental powers, particularly in the areas of taxation and availability of credit, to channel the market in the direction of the policy goals.
The How & By Whom Planned Growth

by

Elliott Perovich
President
Association of Metropolitan Municipalities

Urban growth is a concern of not only the metropolitan council, but also of all governmental units in the metropolitan area. Every unit is affected by the tremendous development in the seven county area. Managed growth then becomes a concern for all those experiencing growing pains. The "how" and "by whom" questions become vital to orderly and effective long range development of the Twin Cities metropolitan area. The Metropolitan Council formation in 1967 and subsequent acts dealing with metropolitan concerns have given the metropolitan council the responsibility to help plan and coordinate all governmental efforts toward development in the seven county area. The physical development committee chaired by Bob Hoffman has been working with various task forces, including one from the Association of Metropolitan Municipalities, to formulate a developmental framework for the planned growth of the metropolitan area. This developmental framework should serve as an over-all guide for future planning that can and will be built upon by the local governmental units. The developmental framework should serve as a "comprehensive plan" for the metropolitan area development and should include the usual general components incorporated in a municipal comprehensive plan, including a long range capital program. The development guide chapters should serve as the narrative for the
framework and should be updated to insure consistency with the goals and objectives of the developmental framework. Then local governmental units, using the developmental framework as a guide will build on it and provide for the managed growth within their boundaries. The planned growth concept will be best implemented by local governmental units where detailed planning and maximum citizen participation take place and the greatest impact of development is felt. This local planning will need to be done within the scope of the developmental framework and be consistent with its guidelines. Planned growth can best be accomplished in this spirit of cooperation. School districts, the state government and other governmental agencies need to be included in the planned growth concept. School districts are too often excluded from the developmental planning and are left to suffer the consequences with sometimes monumental problems. State agencies such as the Minnesota Pollution Control need to be included for the purposes of setting standards for on-site-sewage disposal systems and similar planning and regulating consideration. It remains the monumental task of the Metropolitan Council to coordinate these efforts.

Whenever the "how" of planned growth is discussed, we need to refer to comprehensive planning. We earlier discussed the need for a comprehensive planning effort in the physical developmental framework being formulated by the Metropolitan Council. Comprehensive planning consistent with the framework needs to be done by the individual municipalities, counties, the state, and the school districts
whenever possible. Coupled with the comprehensive plan, there needs to be a capital program which will help to determine and indicate to everyone involved when development will occur. Local governmental units need to implement these plans and programs making use of local control and regulatory devices such as ordinances, regulations, building codes and zoning. It should be said that the effectiveness of zoning as a control measure needs to be reconsidered. Some departures from the zoning regulations, such as, no development zones restricted to permanent use for agricultural purposes, and some procedure to encourage scattered site low cost housing, need to be considered if it is to be an effective tool. The Planned Unit Development approach with its flexibility is a viable tool. Development Districts based on a long term capital program can be very desirable as demonstrated in the Ramapo Project. This makes provisions for long term planning, tax considerations and other concerns that complicate development under traditional zoning systems.

Strict regulatory standards for on-site sewage disposal and water systems need to be developed, as well as addressing surface water drainage, to eliminate panic extensions of municipal services. Legislation may be required to accomplish some of these things.

In summary, it can be said that managed growth efforts need to be a marriage of all governmental units involved. The Metropolitan Council needs to provide the superstructure in the form of the physical development framework and the local units of government, state government, and regulatory agencies need to be the implementing
bodies. The Council will also have the responsibility for coordinating these efforts.