

**Reimagining Local Government Conference  
Chapman University**

**Metropolitan Governance Reform  
By Myron Orfield and Baris Dawes**

**I. WHY IS REFORM NEEDED?**

Metropolitan areas are poorly governed. This is a serious problem because they are home to more than 80 percent of the nation's population and they produce more than 90 percent of its economic output. Increasing sprawl, congestion, racial and economic segregation, and disparities in the quality of local services are hurting metropolitan residents and undermining the fair and sustainable growth of the national economy.

Metropolitan areas across the nation continue to sprawl, consuming land at rates that vastly exceed the rates their populations grow (Fulton et al. 2001). The urbanized land in the nation has increased nearly three times faster than the nation's metropolitan population growth in the last decade alone (Ewing et al. 2007). Economic activity in metropolitan areas has also steadily decentralized as jobs continue to move away from urban cores to suburban employment centers (Kneebone 2009).

Sprawling metropolitan areas experience significant mismatches between where residents live and work. As a result, residents in such metros travel longer distances on a daily basis (Ewing, Pendall and Chen 2003). Transportation accounts for nearly a third of the carbon emissions the United States generates. Despite planned improvements in vehicle efficiency and fuel carbon content, the nation cannot reduce its carbon emissions sufficiently without significantly decreasing the overall vehicle miles traveled by Americans (Ewing et al. 2007).

Racial and economic segregation in the nation's schools have been steadily increasing since the 1980s (Orfield and Lee 2005). Over three-quarters of Latino and over 70 percent of African-American students who attend public schools attend racially segregated schools—most of which also have high concentrations of poor students (Rebell and Wolff 2006, p.5; Orfield and Lee 2005).

Growing disparities in the quality of local services make it impossible for metropolitan residents to have access to equal opportunities. For instance, local communities with stronger tax bases in metropolitan areas can afford to lend more support to their neighborhood schools. In contrast, districts with poorer tax bases, which tend to have more students of color and low-income students, cannot (Grant-Thomas 2009, p. 8). This creates significant funding disparities in school districts.<sup>1</sup> In fact, these funding disparities were so severe that courts in 28 states have declared their school finance systems unconstitutional (The National Access Network 2009). The

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<sup>1</sup> For example, in the 2005-2006 school year, high-poverty districts in the nation received \$773 (8%) less in per pupil funding than low-poverty districts. Similarly, high-minority districts received on average \$1,122 (11%) less than low-minority districts (The Education Trust 2009, p.13).

disparities, which are generally ameliorated by state aid to local school districts, are likely to expand given the severe recent cuts in state education funding across the nation caused by the current recession (Johnson, Oliff and Koulish 2009, p. 3).

The highly fragmented nature of the political systems that govern America's metropolitan areas contributes mightily to all of these problems. The harms of political fragmentation are many and tightly interrelated. The excessive competition triggered by political fragmentation encourages local jurisdictions to pursue socially and economically undesirable policies. Cities steal malls and office parks from each other, fight tax incentive wars for auto malls, and zone out the poor for fiscal advantage in a process rife with haphazard planning and NIMBY biases. This disjointed status quo scatters new jobs like grapeshot at the furthest edge of development and in so doing throws the metropolitan housing market even farther afield into farmland, forest, and sensitive natural places. With jobs scattered like buckshot, transit, a cleaner environment, and basic opportunity for lower income Americans becomes harder, not easier, to accomplish.

### **Regional Harms of Political Fragmentation**

#### **a. Fragmentation is inefficient.**

In the absence of regional governance, highly fragmented local government systems create incentives for local governments to compete for activities that generate high tax revenues and low service demands such as office parks, industrial development, and expensive single-family homes. This intra-regional competition for local development, however, is usually a zero-sum game. Regions as a whole experience little or no net real gains from intra-regional competition since local governments often merely attract development from other areas of the region and at times trigger cycles of decline in areas that lose desirable land uses. As a result, highly fragmented metropolitan economies tend to grow less than less fragmented metros (Nelson and Foster 1999; Miller 2002, p. 130; Hamilton, Miller and Paytas 2004; Orfield and Luce forthcoming in 2009).

It has been long recognized that regional service systems are also the most efficient way to provide many services. Wastewater treatment facilities are a good example. Allowing local governments to make decisions regarding the sites of wastewater treatment facilities can create costly duplications because large centralized wastewater treatment facilities are cheaper and more efficient to operate than a number of dispersed, smaller facilities. Moreover, myopic local decisions can ignore the negative effects such decisions might have on adjacent localities—a negative externality that can only be avoided by making regional decisions regarding the sites of wastewater treatment facilities (Orfield and Luce forthcoming in 2009).

Similarly, the provision of transportation services has network benefits that extend to the entirety of the region. Network benefits imply that individual transportation links or nodes provide further access to other links and nodes and increase the overall connectivity of the entire system (Giuliano 2007, p. 7). Some transportation links and nodes that are critical to enhancing the connectivity of the system might not be individually profitable from the viewpoint of local governments. As a result, allowing regional transportation decisions to be dictated by local

governments might prevent these network benefits from being realized, generating region-wide inefficiencies.

**b. Fragmentation encourages unsustainable growth.**

Political fragmentation is strongly associated with metropolitan sprawl and patterns of unconstrained, unguided urban growth (Razin and Rosentraub 2000; Carruthers and Ulfarsson 2002; Carruthers 2003; Byun and Esparza 2005; Orfield and Luce forthcoming in 2009). The unclustered employment growth that usually results from uncontrolled inter-local competition for business development makes transit untenable. Sprawling metros also experience significant mismatches between where residents live and work. As a result, residents in such metros travel longer distances on a daily basis (Ewing, Pendall and Chen 2003). The difference between low-density sprawling metros and high-density ones is more than 10 vehicle miles traveled per capita per day—a difference of 40 percent (Ewing et al. 2007, p. 69).<sup>2</sup>

Transportation accounts for nearly a third of the carbon emissions the United States generates. Research shows that despite planned improvements in vehicle efficiency and fuel carbon content, the nation cannot reduce its carbon emissions sufficiently without significantly decreasing the overall vehicle miles traveled by Americans (Ewing et al. 2007). The twin national goals of limiting oil dependency and reversing global warming by reducing carbon emissions cannot be attained in the absence of metropolitan governance institutions that can curtail the unsustainable, sprawling growth patterns encouraged by political fragmentation.

**c. Fragmentation deepens social, economic, and fiscal inequalities in metropolitan areas.**

The fragmentation of local governments fosters residential segregation in metropolitan areas and contributes to concentrations of poverty in urban and inner suburban areas populated by residents of color (Weiher 1991; Frank 2001; Miller 2002, p. 127). Fragmentation directly contributes to residential segregation by encouraging exclusionary zoning practices among municipalities. These practices discourage the construction of affordable housing in opportunity-rich suburban areas, ultimately generating regional concentrations of affordable housing in low-opportunity urban and inner suburban neighborhoods (Pendall 2000; Rothman-Shore and Hubbard 2009).

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<sup>2</sup> This finding comes from a study which controls for metropolitan growth, per capita income, and other relevant factors. Similarly, research shows that “doubling residential density across a metropolitan area might lower household VMT by about 5 to 12 percent, and perhaps by as much as 25 percent, if coupled with higher employment concentrations, significant public transit improvements, mixed uses, and other supportive demand management measures.” (Transportation Research Board 2009, p. 2).

Local land use and zoning decisions strongly influence a municipality's housing stock, and determine what types of people can reside within its boundaries. For instance, developing areas can effectively exclude low-income residents of all races by severely limiting the land zoned for multifamily development or by requiring very large (and therefore more expensive) homes and lots. In competing for additional tax base, municipalities aggressively zone for high-end commercial/industrial and residential developments because such high-end developments augment a locality's tax base by more than the cost of local services they require.

Most suburban municipalities resist affordable housing because it does not bring much in tax revenues while it generates high service costs at the local level. The costs of providing affordable housing are endured locally, while the benefits are largely regional in scope. Intra-regional competition for tax base encourages municipal governments to pursue exclusionary zoning practices, and political fragmentation only intensifies these competitive pressures. Only a regional governing authority, with a mission to realize the long-term regional benefits of affordable housing policy, can turn this short-sighted, harmful competition into healthy regional collaboration.

Exclusionary zoning practices not only result in metro-wide shortages of affordable housing but they also accentuate regional mismatches between jobs and housing by creating uneven distributions of affordable housing within regions. The skewed distribution of affordable housing in metros has significant equity implications. The concentration of affordable housing in the region's core results in concentrations of poverty in these areas. This limits the ability of area residents—primarily low-income persons and people of color—to access high quality jobs, schools, and neighborhoods in growing suburban areas.

Fragmentation also intensifies fiscal inequalities among local governments. In most metropolitan areas, local governments exhibit a wide spectrum of fiscal capacities. Local governments with the highest public needs and service costs are usually the ones with the most limited fiscal capacities to pay for public services such as roads, public safety, and sewer services. Region-wide provision of such services can help spread the costs of services across the whole region, and help ease fiscal inequalities among local governments (Orfield and Luce forthcoming in 2009).

Low tax-capacity governments cannot afford to match the public subsidies used by higher-capacity areas to attract fiscally lucrative office parks, industrial and retail businesses. They also tend to have the greatest costs and needs, increasing the stress on their tax bases (Orfield 2002, pp. 31-46). In contrast, high-capacity local governments are able to offer high-quality public services at lower tax rates because of their large tax bases—a factor which makes them even more attractive to most businesses. Only regional land use policies can short-circuit the vicious cycles of decline that can result from such imbalances.

#### **d. Political fragmentation hurts all types of communities.**

Suburban communities in metropolitan areas are no longer immune to the harms of highly fragmented political systems. The city/suburb distinction within metropolitan areas is not as distinct as it once was. Differences between cities and suburbs have been blurred for quite a while, with some older suburbs nowadays having more in common with central cities than the newer suburbs (Orfield 2002; Orfield and Luce forthcoming in 2010). Suburban communities are now very diverse in the ways they develop (Orfield 2002).

Suburban communities are diverse, but not infinitely so. Distinct groups are discernable, based on their fiscal capacities and service needs. Orfield and Luce have used these characteristics to classify communities into several groups including central cities, stressed suburbs, developed job centers, developing job centers, bedroom developing suburbs, and affluent residential suburbs (Orfield and Luce 2010). Communities in each group tend to have similar interests since regional trends affect them in comparable ways and they are therefore natural partners in discussions of regional policy.

While central cities certainly continue to bear the brunt of the harms of highly fragmented political systems, all types of suburban communities are hurt by these harms—albeit to varying degrees. Similar dynamics of racial and economic segregation, loss of tax base and inability to compete with new suburbs undermine the stability of central cities and older stressed suburbs alike. Many fast-growing suburbs—developing job centers and bedroom developing communities for the most part—with modest fiscal resources are gaining school age children faster than their tax bases are growing, making it very difficult to provide good public schools. They are also often developing faster than their ability to provide adequate roads and sewer systems. Finally, developed suburbs, whether rich or poor, suffer from congestion and face challenges in preserving open space as suburbs surrounding them continue to grow at a rapid pace.

#### **a. Limitations of Existing Metropolitan Governance Structures**

All types of MPOs essentially operate through two legal mechanisms. Metropolitan problems are addressed either through special purpose governments or through voluntary agreements among local governments.<sup>3</sup> Special purpose governments and voluntary agreements at best provide ad hoc solutions to regional problems. They suffer from a number of limitations that limit their effectiveness as regional institutions.<sup>4</sup>

Special purpose governments complicate the issue of regional coordination and planning by adding to the multiplicity of existing governments. They usually lack accountability especially when their boards are appointed or elected by special groups in the population, like property

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<sup>3</sup> (Frug 2002, p. 1788). Special purpose governments, which include public authorities and special districts, “are independent public agencies established under state law to deal with a specific problem such as fire protection, water supply, waste disposal, or transportation; occasionally, they are responsible for a limited combination of problems. Voluntary agreements are contracts entered into by two or more local governments, and they provide an alternative mechanism to address the same kind of issues.” (Frug 2002, p. 1781)

<sup>4</sup> For a more detailed examination of the limitations of special purpose governments and voluntary agreements upon which the following discussion is based, see (Frug 2002, pp. 1783-1786).

owners. They are inefficient in the sense that they perform a public function more expensively than a local government. Most importantly, the presence of special purpose governments continues to enable the highly fragmented political systems that undermine effective regional governance.

Voluntary agreements between local governments suffer from similar limitations. Since these agreements typically focus on single issues, they tend to proliferate and complicate regional coordination and planning. They undermine democratic control over local government functions since local officials usually enter contracts that last longer than their elected terms. Finally, like special purpose governments, voluntary agreements tend to perpetuate the system of fragmented governance in the nation's metros.

Effective metropolitan reform requires the creation of regional institutions that are capable of producing comprehensive regional solutions. Neither special purpose governments nor voluntary agreements are suitable for effective regional governance. Despite this, they have been proliferating in number and are fast becoming the most common forms of dealing with regional problems (Miller 2002, p. 49; Frug 2002, p. 1781). Special purpose governments and voluntary agreements are popular because they have been viewed as incremental solutions to regional problems—a fact which has made them politically easy to adopt.

Far from providing the comprehensive regional solutions needed to strengthen metropolitan areas, special purpose governments and voluntary agreements impede such solutions. They do so by leaving “permanently off the table the most divisive issues facing metropolitan America—schools, crime, housing, jobs, and taxes” (Frug 2002, pp. 1787-1788). Effective regional governance would require multi-purpose governance structures that are legally empowered to tackle these thorny issues.

**b. Multi-purpose regional governance structures with strong powers produce better regional outcomes.<sup>5</sup>**

Few metropolitan areas in the nation have the strong general-purpose governance structures resemble the full-fledged regional systems needed to integrate land use, transportation, housing, and environmental policy on a metropolitan scale. The Twin Cities' Metropolitan Council and Portland's Metro come closest. They are well known for the extensive authority they have for planning metropolitan growth and reviewing policies related to regional growth patterns (Orfield and Luce forthcoming in 2009).<sup>6</sup> These MPOs are regional governing bodies in the sense that they neither duplicate nor replace functions performed by local governments in their metropolitan areas, providing services that are most efficiently rendered at a regional scale. In both the Twin Cities and Portland, the presence of regional multi-purpose governments with

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<sup>5</sup> This section heavily relies on the findings reported in (Orfield and Luce forthcoming in 2009).

<sup>6</sup> Orfield and Luce note that “MPOs that have been given state-mandated powers, such as Seattle, San Diego, Los Angeles, and Denver, are arguably evolving into multi-purpose governments, though the Twin Cities and Portland regional governments remain more powerful.” (Orfield and Luce, forthcoming in 2009, footnote i).

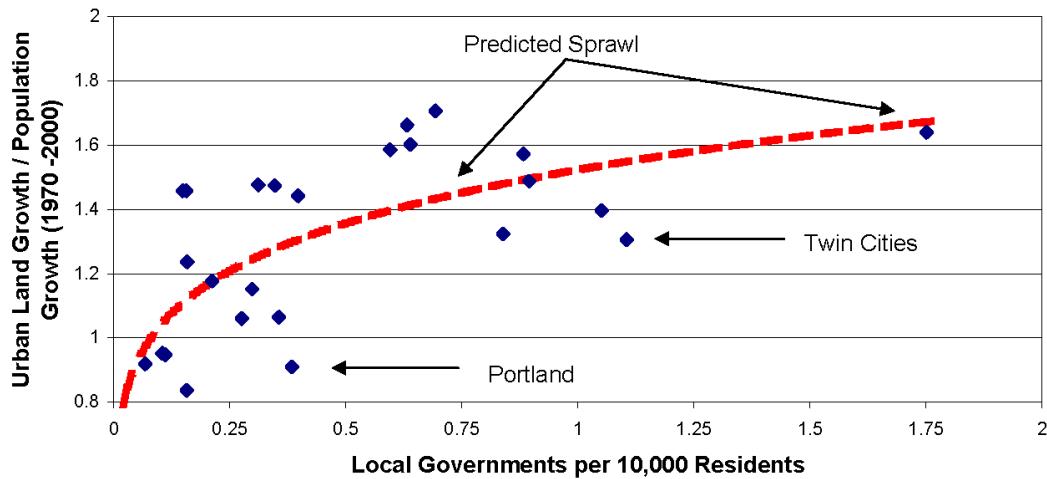
strong land use, transportation, and growth management powers has helped curb sprawl and racial segregation and has promoted job growth and fiscal equity (Orfield and Luce forthcoming in 2009).

### ***Less Sprawl***

Fragmentation intensifies the dysfunctional intra-regional competition by local governments for additional tax base. Local governments try to maximize their tax bases by zoning most of their land for high-end, big residential lots, or commercial development, creating low-density settlement patterns and job sprawl. Fragmentation also enables leap-frog development by decreasing the area over which individual planning organizations hold power. As Figure 1 clearly shows, metropolitan areas with higher levels of political fragmentation tend to sprawl more.

Figure 1 also demonstrates that from 1970 to 2000 both Portland and Twin Cities sprawled much less than would be expected, given their fragmentation rates. The sprawl ratios of Twin Cities and Portland were 15 percent and 30 percent lower than expected given each region's existing level of political fragmentation (Orfield and Luce forthcoming in 2009). In fact, the Twin Cities had the lowest sprawl rate among the highly fragmented metros, while Portland had the second lowest rate among the metropolitan areas with low fragmentation rates.

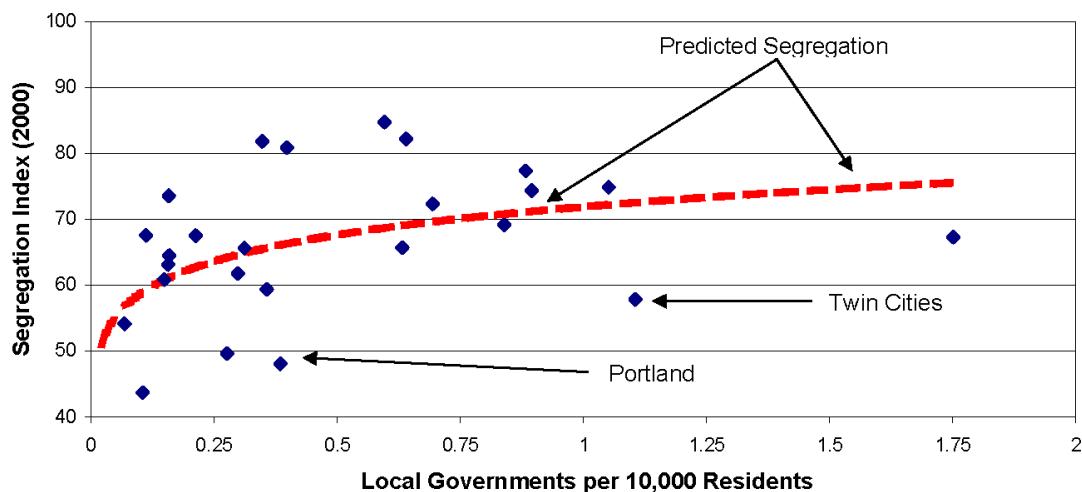
**Figure 1: Fragmentation and Sprawl in the 25 Largest Metropolitan Areas  
(Correlation = .66)**



### ***Less Segregation***

The Twin Cities and Portland also experience much lower levels of racial segregation than one would expect given their levels of political fragmentation. Higher levels of political fragmentation in metropolitan areas are associated with greater racial segregation, measured by the dissimilarity index for white and black residents (Figure 2).<sup>7</sup> Figure 2 demonstrates that the regional coordination of land use planning in Twin Cities and Portland clearly alleviates the degree of racial segregation resulting from the local exclusionary zoning practices encouraged by political fragmentation. In fact, the dissimilarity indices for Portland and Twin Cities were respectively 23 percent and 16 percent lower than expected given each region's existing level of political fragmentation (Orfield and Luce forthcoming in 2009). Again, Portland performed second best among metros with low fragmentation rates while the Twin Cities had the lowest level of racial segregation among highly-fragmented metros.

**Figure 2: Fragmentation and Segregation in the 25 Largest Metropolitan Areas  
(Correlation = .44)**



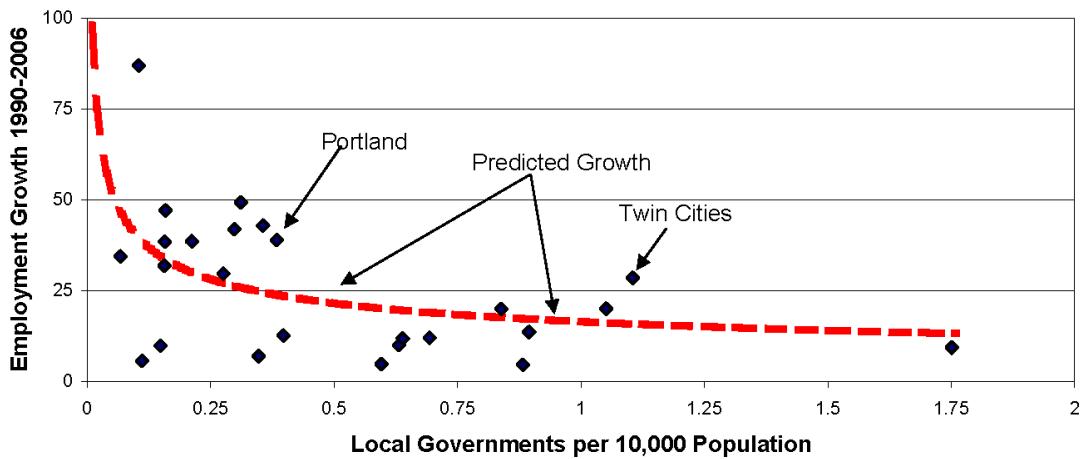
### ***More Employment Growth***

Political fragmentation intensifies the dysfunctional intra-regional competition by local governments for additional tax base. Often such competition merely reshuffles jobs from low-capacity municipalities, which cannot afford to extend the expensive government subsidies other municipalities extend to attract new businesses, to high-capacity municipalities. It rarely produces any significant new regional economic growth. As a result, in addition to being associated with more sprawl and segregation, political fragmentation is also associated with slower job growth in metropolitan areas (Figure 3).

<sup>7</sup> The dissimilarity index measures the percent of regional residents who would have to change residences in order to achieve complete integration.

Once again, the Twin Cities and Portland enjoy higher job growth rates than metropolitan areas with similar levels of political fragmentation. In the Twin Cities, employment grew at nearly double the rate expected given its level of political fragmentation—29 percent compared to 16 percent between 1990 and 2000. In Portland, jobs grew at a rate that was two thirds higher than the predicted rate given its level of fragmentation—39 percent versus 24 percent (Orfield and Luce forthcoming in 2009).

**Figure 3: Fragmentation and Employment Growth in the 25 Largest Metropolitan Areas  
(Correlation = -.50)**



### *Less Fiscal Inequality*

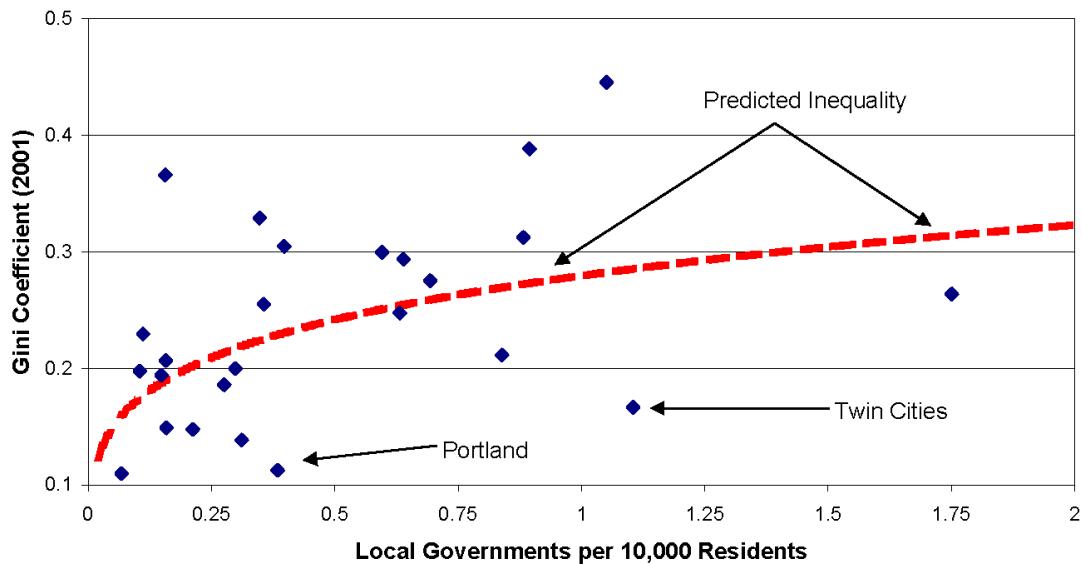
Intra-regional competition takes place on an uneven playing field where local governments with widely different fiscal capacities compete with each other. In most cases, high-capacity municipalities are the winners of intra-regional competition at the expense of low-capacity municipalities. Fragmentation deepens fiscal inequities in metropolitan areas by intensifying this dysfunctional competition among local governments, creating a regional chasm among haves and have-nots. As Figure 4 demonstrates, in the largest 25 metropolitan areas there is a positive relation between political fragmentation and fiscal inequality (measured by the Gini coefficient for local tax base).<sup>8</sup>

The Twin Cities and Portland again stand out among the largest 25 metropolitan metros with their low levels of fiscal inequality (Figure 4). The Gini coefficient of the Twin Cities metropolitan area is 35 percent below the level predicted by its level of political fragmentation—an actual Gini coefficient of 0.17 compared to a predicted one of 0.26. Similarly, fiscal inequality in Portland was 50 percent lower than the level predicted by

<sup>8</sup> The Gini coefficient measures the difference between the actual distribution of tax base and a perfectly equal distribution. It varies between 0 and 1, taking on a value of 0 if the distribution is perfectly equal (all jurisdictions have the same tax base per household) and 1 if the distribution is perfectly unequal (one jurisdiction with only one household has the entire tax base).

its level of fragmentation—an actual coefficient of 0.11 versus a predicted coefficient of 0.22 (Orfield and Luce forthcoming in 2009).

**Figure 4: Fragmentation and Fiscal Inequality in the 25 Largest Metropolitan Areas (Correlation = .48)**



Regional policies such as regional tax base sharing programs or regional transportation and land use planning to distribute economic activity and affordable housing more equitably across regions can also reduce these fiscal inequities. The Twin Cities uses a regional tax-base sharing program, while Portland relies on its strong regional transportation and planning powers to reduce regional fiscal inequalities.<sup>9</sup> As the examples of the Twin Cities and Portland show, the two regions with the most highly developed multi-purpose regional governance structures fare better than expected in a variety of economic and social measures.

## I. WHAT ARE THE ESSENTIALS OF EFFECTIVE METROPOLITAN GOVERNANCE?

<sup>9</sup> “In the Twin Cities, the Fiscal Disparities Act of 1971 instituted a tax base sharing program that reduces the disparities between the ‘winners’ and ‘losers’. Each taxing jurisdiction must contribute 40 percent of the growth of its commercial and industrial tax capacity since 1971 to a regional pool, which is then shared amongst all local governments, with a larger proportion going to municipalities with lower-than-average market value per capita. It has had the effect of reducing inequality by approximately 20 percent. The program was created during the same wave of regionalism that led to the Met Council, although it is administered by the seven counties included in the program rather than the Met Council.” (Orfield and Luce forthcoming in 2009).

Regional institutions need to be democratic, accountable, powerful, and multi-purpose to provide effective regional governance.

### **a. The need for *democratic* regional governance structures**

Effective regional governance requires democratic regional institutions. Undemocratic representation within regional institutions intensifies regional inequities, erodes institutional legitimacy, and undermines the effectiveness of these institutions.

Current federal laws applying to MPOs do not require representational voting. As a result, voting structures of MPOs are rarely apportioned to population (Sanchez 2006). This has serious implications for regional equity. For instance, an analysis of the governing boards of MPOs shows that voting structures of MPOs severely underserve urban areas in favor of suburban jurisdictions (Sanchez 2006). Such imbalances in representation can have detrimental consequences for the development of regional transportation networks. For instance, one study shows that an MPO's commitment to transit (as measured by the share of its resources committed to transit services) declined by 1 to 7 percent for each suburban vote added to an MPO board (Nelson et al. 2004).

The general lack of representational voting within MPO governing boards also undermines effective regional governance because non-democratic governance structures tend to produce outcomes that go against the interests of underrepresented parties. This in turn undercuts the legitimacy of regional institutions and their policies in the eyes of local constituencies which are not fairly represented. Typically, underrepresentation does not go unchallenged. When inadequate representation is not institutionally addressed, such challenges can undermine the effective working of regional institutions (Sanchez and Wolf 2005).

These representational imbalances especially hurt transit-dependent low-income residents and residents of color who disproportionately live in the urban core of metropolitan regions. In the case of the Southeast Michigan Council of Governments (SEMCOG), for instance, constituents challenged the representativeness of the MPO voting structure, alleging that overrepresentation of suburban districts on the board resulted in disproportionately little investment in transit compared to highway investments in the Detroit metropolitan region (Sanchez and Wolf 2005). MPOs can only avoid such costly challenges by creating governance boards where all local jurisdictions and interests are fairly represented.

Fair representation, however, does not necessarily mean that regional policies should be the result of a consensus-oriented process. While the overall goal of regional policies is to create a 'winning region,' regional governance is rarely a conflict-free process. Regional policies create local losers and winners, and regional decision-making cannot cater to the interests of all local

jurisdictions at the same time. What fair representation guarantees, however, is a legitimate way of institutionalizing a negotiation process among all the local jurisdictions of a metropolitan area. This process offers a venue where regional goals are articulated in a democratic fashion by taking into consideration the *regional* interests of all jurisdictions in the region.

The fact that many MPOs are currently composed of members whose primary responsibility is another elected body, such as a city or county council, creates another important problem. When the MPO is only a secondary “home” for a representative, this means that MPO representatives are not elected primarily on the basis of their actions or opinions on regional issues. Voters instead almost certainly evaluate them overwhelmingly on their performance in their primary job. For regional concerns to receive the attention merited by their importance, members of MPO boards should be directly elected, ensuring that representatives are evaluated solely on the basis of their performance on regional concerns.

#### **b. The need for *accountable* regional governance structures**

MPOs should be held accountable both to voters and to the federal and state governments that provide much of their funding. Democratic governance institutions would satisfy much of the first requirement—accountability to voters. However, since much of the funding for regional services like transportation, housing and environmental protection comes from state and federal sources, there is great potential to incentivize regional funding streams to create a strong outcome orientation among MPOs. MPOs should be required to produce concrete measures of the outcomes of their programs—measures that can be used by both funders and voters to evaluate their effectiveness.

Measuring regional progress requires a clear articulation of regional goals. The harms of fragmentation manifest themselves in a number of policy arenas including land use, transportation, housing, and environment. Therefore, the effectiveness of regional governance structures can only be evaluated by measuring the extent to which interconnected regional goals are achieved. These metrics of accountability should include: the effectiveness and sustainability of land use policies; how evenly affordable housing is distributed; region-wide racial and economic integration; the extent to which job growth is clustered to promote multi-modal transportation options and transit-oriented development; congestion and vehicle miles traveled; and fiscal equality among local jurisdictions.

#### **c. The need for *powerful* regional governance structures**

The other side of accountability is empowerment. MPOs need to be organizationally capable of meeting the challenges facing their regions before they can legitimately be held accountable for meeting regional goals. Regional governance is a challenging, conflict-ridden process and MPOs need to have significant governing capacities to be able to handle these challenges.

In order to govern regions effectively, MPOs should be empowered to do comprehensive regional planning, not just transportation planning. Comprehensive regional planning involves coordination of regional transportation, land use, housing, and environmental policies.<sup>10</sup> Effective implementation of comprehensive regional plans requires the authority to ensure that local development plans are consistent with the regional comprehensive plans. The authority to review local plans and override local decisions regarding land use, transportation, housing, and the environment is crucial for MPOs in implementing their comprehensive regional plans.

One way to empower MPOs with these authorities would be to directly require MPOs to do comprehensive regional planning in order to be certified. Another more indirect way to do this is for HUD to require or incentivize regional land use and housing plans to be in place in metropolitan areas and for the federal government to reinstitute A-95 powers specifically to MPOs. The federal government once gave the MPOs significant metropolitan powers through the A-95 review process, which authorized MPOs to review, from a regional standpoint, and, if necessary, override local decisions regarding land use, transportation, and housing (National Commission on Fair Housing and Equal Opportunity 2008, pp. 47-50).<sup>11</sup>

Whatever method is used to empower MPOs, regional governance structures should be appropriately scaled to cover entire metropolitan areas. As regions grow, the jurisdictional boundaries of MPOs should grow with them. Otherwise, the jurisdictions of MPOs will be geographically under-bounded, and this would certainly compromise their governing capacities.<sup>12</sup> One way to avoid this would be for the federal government to require that MPOs have jurisdiction over an area that is at least coterminous with the most recent Census Designated Metropolitan Area definitions.

Finally, the power of MPOs is ultimately bound by the power of the states that create them. The policy decisions of states have significant impact on metropolitan outcomes. MPOs cannot succeed in achieving the desired metropolitan outcomes without the help of supportive state policies. For instance, if state DOTs keep spending federal transportation funds disproportionately for rural areas, MPO policies to curb residential and job sprawl cannot be successful. Similarly, if states do not support regional planning by MPOs through regulation of land use beyond metropolitan area boundaries, MPOs will have a hard time managing

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<sup>10</sup> As Briffault argues, the land use powers of MPOs “must include both the authority to adopt regional land use plans that will bind future land development throughout the region and the power to displace local land use actions that have regional significance. Such regionally significant uses include local barriers to regionally necessary, but locally undesirable land uses, and local land use authorizations that impose negative externalities on the rest of the region.” (Briffault 1996, p. 1166)

<sup>11</sup> The powers given to MPOs through the A-95 review process were essential for distributing affordable housing and opportunity more equally in many metropolitan areas (Connerly and Smith 1996).

<sup>12</sup> The Metropolitan Council in the Twin Cities region is a good example of this problem. The legal jurisdiction of the Metropolitan Council covers seven counties. This was the entire Census Designated Metropolitan Area at the time the Council was established. Since then the region has grown to include 13 counties, including two in Wisconsin. As a result, the Metropolitan Council has no jurisdiction over four Minnesota collar counties now included in the metropolitan area. This geographically under-bounds the Council’s jurisdiction, impeding its ability to manage the region’s growth.

metropolitan growth. While acknowledging the importance of state governments to metropolitan governance reform, this paper does not discuss state-level policy reforms that should accompany MPO reform in order to focus on reforms at the federal level.

### **c. The need for *multi-purpose* regional governance structures**

Effective regional governance requires powerful multi-purpose governance structures because the most crucial regional problems are tightly interrelated. Frug summarizes the intricate connections between regional issues:

Traffic problems result from the location of housing, jobs, and commercial life. The quality of the schools and the crime rate influence housing decisions: those who can afford to do so move to where the schools are good and the crime rate low. Tax policy and zoning rules help determine where that is. Tax revenues are based on property values: the differences in the levels of funding available for schools and crime control reflect differences in the quality of housing, jobs, and commercial life. Zoning rules allow some localities to attract the “better” types of residents and businesses and exclude the rest. But neither businesses nor city residents can settle in these favored locations unless commuters, shoppers, and school children have a (government-supported) transportation network that allows them to travel back and forth. Transportation, housing, schools, crime, taxes, jobs—it is hard to think about one of these issues without thinking about the others (Frug 2002, p. 1813).

Coordinating land use and transportation policies on a metropolitan scale is essential for guiding metropolitan growth, ameliorating existing job-housing mismatches, and ultimately reducing vehicle miles travelled on a metropolitan and national scale. Smart growth policies that encourage high-density, mixed-use development in existing job centers both curb job sprawl in metropolitan areas and permit the development of more extensive transit networks. A metropolitan transportation policy, which prioritizes transit, could, in turn, contain job sprawl and revitalize communities in the already developed parts of the metro. Transit-oriented growth could boost housing values and tax capacity in central cities and stressed suburbs without contributing to further congestion, enhancing the vitality of these communities as employment centers.

For metros to ease job-housing mismatches, every part of a metropolitan area must provide a wide array of housing affordable to people with different incomes. This means that all communities, not just central cities and stressed inner-ring suburbs, should have their fair share of affordable housing. Metro-wide fair share housing is essential for enabling local businesses to hire and retain employees who live within reasonable commuting distance of their jobs. It is also essential for reversing racial and economic segregation and deconcentrating poverty from the urban core of metropolitan areas. Only by implementing metro-wide fair housing policies can metropolitan areas overcome exclusionary zoning practices that limit opportunities for low-income residents and residents of color. In order to enhance opportunities for *all* residents,

metropolitan areas need to redistribute affordable housing regionally, especially promoting affordable housing in opportunity-rich areas.

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