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**MPO REFORM: A NATIONAL AGENDA FOR REFORMING  
METROPOLITAN GOVERNANCE**

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# **MPO REFORM: A NATIONAL AGENDA FOR REFORMING METROPOLITAN GOVERNANCE**

**By Myron Orfield and Baris Gumus-Dawes**

## **EXECUTIVE SUMMARY**

### **Metropolitan governance needs to be reformed.**

The nation's economic crisis is also the crisis of its metropolitan areas. Producers of 90 percent of the nation's economic output and home to 80 percent of its population, metropolitan areas across the nation are struggling to cope with the recent crisis. Outdated metropolitan political structures are an important part of the problem. Highly fragmented governance systems contribute to increasing sprawl and congestion, growing racial and economic segregation, and deepening disparities in the quality of local services. Reforming metropolitan governance is essential for fair and sustainable national growth.

### **Political fragmentation of metropolitan areas is harmful.**

The harms of political fragmentation are many and related. Fragmented political systems encourage inefficient competition among local jurisdictions, a process that often leads to 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 across the metropolitan landscape, pushing metropolitan housing markets even farther afield into farmland, forest, and sensitive natural places. As a result, transit, a cleaner environment, and basic opportunity for lower income Americans becomes harder, not easier, to accomplish.

### **Regional institutions can mitigate the harms of political fragmentation.**

Effective metropolitan governance can help metros deal better with the harmful effects of political fragmentation. Evidence from two metropolitan areas with the strongest metropolitan governance systems in the nation—the Twin Cities and Portland—shows that effective metropolitan institutions can produce demonstrably better metropolitan outcomes for sprawl, racial segregation, job growth, and fiscal equity. The Twin Cities consistently performs best in these dimensions among highly-fragmented regions while Portland excels among less-fragmented areas.

**Comprehensive reform of Metropolitan Planning Organizations (MPOs) provides the best path to effectively upgrading metropolitan governance.**

The nearly 400 existing MPOs constitute a wide network of regional organizations with experience grappling with the intricacies of metropolitan policy. This network represents the most viable and sensible vehicle for nationwide reform of metropolitan governance. Reforms are needed to make MPOs more democratic, accountable and powerful. Once reformed, MPOs can be engines of smart growth, capable of distributing benefits of growth more equitably.

**The time is ripe for metropolitan reform.**

The national crisis has created many opportunities for metropolitan reform, but they will not be around for long. Right now, the federal government is more involved in the national economy than at any time since the Great Society initiatives of President Johnson. The American Recovery and Reinvestment Act (ARRA) of 2009 has already introduced a hefty federal stimulus package to help the ailing economy. However, if the administration continues to spend the money in a haphazard way, a golden opportunity for reform will be missed. The federal government should build incentives into the stimulus funds to reform metropolitan governance systems in order to better coordinate various federal policies at the metropolitan scale. Resources pouring out of the federal government under ARRA can still be effectively leveraged for metropolitan reform.

**There is growing political momentum for metropolitan reform.**

The Obama administration is clearly open to federal restructuring of metropolitan governance structures. It has already pushed for an important political initiative at the federal level that lays the groundwork for metropolitan reform—the Sustainable Communities Initiative. The Initiative involves an interagency partnership among three federal agencies to better coordinate federal transportation, environmental protection and housing investments and shows great promise for streamlining and coordinating federal policy on metropolitan issues. It is a potentially valuable policy vehicle for comprehensive metropolitan reforms.

Influential members of the Senate are also pushing legislation that can facilitate metropolitan reform. Housing and Urban Affairs Committee chairman Christopher Dodd recently introduced the Livable Communities Act which is designed to coordinate federal housing, community development, transportation, energy, and environmental policies to promote sustainable development. By promoting regional planning for livable communities and the adoption of sustainable development practices, the Act meshes very well with the Sustainable Communities Initiative.

The House is also at work on these issues with the Surface Transportation Authorization Act of 2009 (STAA). Historically, transportation has been a primary avenue for metropolitan reform. STAA continues this tradition by suggesting a number of changes in

the organization of MPOs. These changes have significant implications for how powerful, accountable, and democratic MPOs will be in the future.

STAA aims to be much more than just another 6-year extension of the federal transportation budget. It involves a major overhaul of existing federal transportation programs as well as some significant institutional changes at both the federal and metropolitan levels. Reforms include introduction of new offices and programs like the Office of Livability, the Office of Intermodalism, and the Metropolitan Mobility and Access Program which have the potential to be levers for regional governance reform if they are given the necessary resources and power.

Crises often generate the political will to undertake reform. The administration's Sustainable Communities Initiative in combination with the Livable Communities Act and the Surface Transportation Act of 2009 provide potentially powerful policy vehicles which can make comprehensive metropolitan reform a reality. The federal government should combine the unprecedented opportunities offered by the current crisis to usher the nation's metropolitan areas into the 21<sup>st</sup> century by building more cohesive and effective metropolitan governance structures.

## **POLICY RECOMMENDATIONS**

### **A. MAKE REPRESENTATION ON MPO GOVERNANCE BOARDS MORE DEMOCRATIC.**

Voting structures of MPO governance boards are highly undemocratic across the nation. Urban residents of metropolitan areas are generally underrepresented resulting in suburban interests largely determining the course of transportation investments. Undemocratic voting structures within MPO boards hurt metropolitan areas in a number of ways. They skew regional transportation investments, disproportionately committing transportation funds toward projects benefitting over-represented areas. Over-representation of suburban districts in MPO governance boards has been shown to lower a region's investment in public transit, for instance, limiting the transportation options available to metropolitan residents, especially those in metropolitan cores. Disproportional representation on MPO boards also undermines the effectiveness of MPOs by eroding their institutional legitimacy.

- **Policy Recommendation 1: The STAA should make the recertification of MPOs conditional on proportional representation (based on population) of central cities, fully developed suburbs, and developing suburbs on MPO boards.**

Voting structures of MPO governance board should be reformed to address the growing complexity of the nation's metropolitan areas. Metropolitan politics often boil down to

the politics among three distinct “communities of common regional interest”: central cities, fully developed suburbs, developing suburbs. Each of these three groups is an essential part of a larger metropolitan machine, and each needs to be fairly represented in regional governance structures for the region to operate effectively.

- **Policy Recommendation 2: The STAA should require that MPO board members be composed of representatives who are accountable primarily to the metropolitan area’s citizens.**

Most MPO boards are composed of members who were elected to a different political institution, usually a municipal office of some sort. While these representatives are elected to serve their local areas, they usually are not specifically elected for the regional board. Voters therefore evaluate them primarily on their performance in their primary job—as a city council member or mayor, for instance. They should instead be held accountable based primarily on their performance on the metropolitan issues handled by the MPO. For metropolitan concerns to receive the attention merited by their importance, board members of MPOs should be directly elected or chosen by some other means that ensures that representatives are evaluated solely on the basis of their performance on metropolitan concerns.

## **B. MAKE MPOs MORE ACCOUNTABLE.**

Democratizing voting structures on MPO boards goes a long way toward making MPOs more accountable. Yet, metropolitan constituents and the federal government still need a number of accountability metrics they can use to monitor the progress of MPOs in solving regional problems and achieving regional goals. These regional goals are many and interrelated, and accountability measures should therefore include land use, transportation, housing, and environment. The STAA makes important strides toward enhancing accountability for MPOs by requiring that MPOs “implement a system of performance management” as part of their recertification process. However, the draft bill falls short of specifying the required performance measures.

- **Policy Recommendation 3: The STAA should include the following accountability metrics to hold MPOs across the nation to the same standards:**
  - i. the effectiveness and sustainability of land use policies—measured by a sprawl index that calculates the increase in urbanized land in relation to population growth;

- ii. the fairness of affordable housing distribution in a region—measured by the percentage of affordable housing in moderate- to high-opportunity communities;<sup>1</sup>
- iii. the extent to which a region is racially and economically segregated—measured by traditional measures such as the dissimilarity indices or the percentage of low-income people (students) and people (students) of color in segregated neighborhood (school) settings;
- iv. the extent to which job growth is clustered to promote multi-modal transportation options and transit-oriented development—measured by percentage of jobs in high-density job centers; and
- v. the extent of fiscal inequality in a region—measured by the Gini coefficient for local tax-bases.

### C. PROVIDE MPOs WITH THE NECESSARY POWERS.

Most MPOs still lack the comprehensive metropolitan planning powers that are needed to tackle challenging metropolitan issues. Transportation planning powers are only a subset of the legal capacities MPOs need to govern their metropolitan areas effectively. Without the legal authority to do comprehensive metropolitan planning beyond transportation issues—planning affecting land use, housing and waste water collection and treatment, for instance—MPOs cannot really affect the most powerful forces shaping their metropolitan areas. Demanding accountability from the MPOs without sufficiently empowering them sets them up to fail.

- **Policy Recommendation 4: The STAA should be amended to directly empower MPOs with specific comprehensive regional planning powers and the power to review local plans.**

The STAA imposes fairly stringent performance standards on MPOs without empowering them to meet their goals. The STAA should require all MPOs to develop metropolitan land use plans for the orderly development of their regions. These plans should include an overall metropolitan development guide with specific regional systems plans for transportation and transit, housing, and metropolitan sewer and waste water management. The plan should also include a designated urban growth boundary or urban services area to ensure orderly, contiguous growth patterns. Coupled with this, MPOs should be required to control development outside the urban growth boundary or urban services area to avoid leapfrog development.

In order to protect emerging MPO powers from existing institutions, the STAA should specifically define the authority of MPOs in relation to local governments and state

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<sup>1</sup> Lukehart et al. developed an opportunity index to classify local communities according to their ability to offer a number of opportunities to their residents (Lukehart et al. May 2005). This method can be used to identify moderate- to high-opportunity places in the nation's metros.

agencies such as the state departments of transportation. For instance, MPOs need to be able to prevent local actions from undermining the metropolitan plan. The most direct way to do this is to give MPOs power over federal resources coming into the metro—the power, for instance to withhold federal transportation funding from local areas whose local plans are not consistent with the comprehensive metropolitan plans designed by the MPOs. Similarly, the STAA should redefine the authority of state departments of transportation in the allocation of transportation funds, explicitly limiting their involvement to an advisory capacity within metropolitan areas. The STAA should give the discretion to allocate all federal transportation funds within individual metropolitan areas exclusively to MPOs, explicitly stating that the state departments of transportation shall abide by the MPO’s decisions within a metropolitan area.

- **Policy Recommendation 5: Alternatively, the Livable Communities in combination with the STAA could be a vehicle to enhance the power of MPOs indirectly.**

MPOs could be given additional comprehensive planning powers through a combination of institutional changes at HUD, amendments to the STAA, and the reestablishment at the federal level of the A-95 review process. First, the Livable Communities Act introduced by Senator Dodd of Connecticut could be used as a vehicle to authorize HUD to require metropolitan areas to enact comprehensive regional land use and housing plans. Second, the STAA could be amended to require MPOs to formally coordinate their transportation plans with HUD’s comprehensive regional land use and housing plans. Third, MPOs could be empowered with the authority to review and override local land use and housing decisions through the reinstitution of A-95 review process at the federal government level.

#### **D. RESTRUCTURE METROPOLITAN GOVERNANCE BY BREAKING POLICY SILOS AT THE FEDERAL AND METROPOLITAN LEVELS**

- **Policy Recommendation 6: Either the White House Office of Urban Affairs (WHOUA) or the Interagency Council on Sustainable Communities should lead the structural realignment of federal agency programs at the metropolitan level by being the driving force behind the Sustainable Communities Initiative.**

Policy silos at the federal and metropolitan levels impede effective metropolitan governance. Federal government programs need to be reformed to encourage breaking these policy silos and to better streamline federal policy initiatives at the federal and metropolitan levels. While the administration’s Sustainable Communities Initiative is a great step toward breaking federal policy silos, the Initiative fails to formalize the cooperative arrangements among federal agencies at the appropriate institutional level. The Initiative needs an institutional driver, an agency other than HUD which is authorized to explicitly coordinate the work of federal agencies on metropolitan policy.

The Livable Communities Act can be a useful vehicle in establishing such an institution. The Act would establish a federal Interagency Council on Sustainable Communities including representatives from the Department of Housing and Urban Development, the Department of Transportation, the Environmental Protection Agency, and other federal agencies to coordinate federal sustainable development policies. This Council could be an effective force behind the Sustainable Communities Initiative. Alternatively, the recently created WHOUA could play a similar role. The Office, which approaches urban issues from a strictly metropolitan perspective, could play a leading role in institutionalizing the Sustainable Communities Initiative. WHOUA is authorized to work with and coordinate the policies of ten federal agencies and is uniquely positioned to develop linkages among federal policy silos.

Whether it is the Interagency Council on Sustainable Communities or the WHOUA, a leading agency behind the Initiative could be an effective institutional lever for comprehensive regional reform by performing three crucial tasks. First, it should work with a number of federal agencies to expand the number of agencies participating in the Sustainable Communities Initiative. Second, it should oversee the implementation of the Sustainable Communities Initiative by acting as the arbiter of potential conflicts that might emerge among these agencies. Third, it should be the driving force behind the Sustainable Communities Initiative by pushing for institutional reforms that would further streamline policy making at the metropolitan level.

- **Policy Recommendation 7: In order to promote equitable and sustainable metropolitan growth, the Sustainable Communities Initiative needs to substantially reform existing federal policies so that they no longer undermine each other.**

While the Sustainable Communities Initiative is a very positive step, it will not achieve much unless it reforms federal policies that contribute to current metropolitan problems. For the Initiative to be an effective lever for metropolitan reform, it needs to streamline federal programs so that they do not work at cross purposes. For instance, while HUD has been working to revive urban areas through its Community Development Block Grant (CDBG) programs, federal transportation policies have actively undermined these efforts by constructing highways that encouraged suburban flight from urban areas.

In fact, federal transportation policies have done more than simply undermine federal housing policies. They have actively driven sprawl and inequality in the nation's metros. Along with regional land use decisions, federal transportation investments created many opportunities for exclusive communities to gain the greatest share of their region's business and residential tax wealth as these communities actively undermined fair housing and furthered racial and economic segregation. The Sustainable Communities Initiative should encourage a realignment of federal policies so that they reinforce, rather than undermine, each other. The Initiative should be instrumental in reversing federal transportation and housing policies that continue to undermine fair housing in order to promote regional equity and expanded opportunity for *all* metropolitan residents.

- **Policy Recommendation 8: The STAA should be amended to add more detail and substance to the metropolitan planning process so that it works more effectively to make livability and sustainability a metropolitan reality.**

The STAA does not require any formal coordination between transportation, housing, and land use planning despite its strong language on expanding the scope of metropolitan planning and strengthening the planning powers of MPOs. It not only fails to provide substantial incentives to coordinate these policies but also falls short of specifying incentives to help meet the extensive metropolitan planning requirements included in the bill. The draft bill does not offer any financial incentives to create affordable housing and development near transit stops either. The Act should be amended to formally require the coordination of transportation, housing and land use planning functions of MPOs. Specific incentives such as additional funds or expedited project delivery should be added to the Act to encourage transportation projects which link affordable housing and development with transit planning.

The STAA should also further strengthen new offices such as the Office of Livability and the Office of Intermodalism as well as new programs such as the Metropolitan Mobility and Access Program. If they are sufficiently funded and empowered, these initiatives certainly have the potential to be levers for regional governance reform. The draft bill, however, raises some concerns about the potential effectiveness of these new offices and programs. For instance, the bill establishes the Office of Livability within the Federal Highway Administration (FHA)—a transportation agency dedicated to one specific mode of transportation. This raises concerns about how effectively the Office can enhance the nation’s modal choices when it is institutionally nested in a transportation agency that exclusively focuses on highways. Rather than being isolated in the FHA, this Office needs to be an integral part of how localities qualify for *all* transportation funding.

Similarly, the Metro Mobility and Access Program has some structural limitations. The Program focuses largely on moving cars on highways, despite the fact that program funds are also eligible for public transit. While moving cars on highways more effectively is certainly one way of dealing with congestion and air quality, it is not a comprehensive answer. Any long-term response to congestion and air quality has to focus on better aligning land use and transportation demand in order to improve transportation access for all residents, not just drivers, in metropolitan areas. The Act should also be amended to refocus the Metro Mobility and Access Program on maximizing mobility and transportation choices for all kinds of metropolitan residents, including the low-income, disabled, and aging. This would be essential for ensuring transportation equity and equal access to opportunity as well as for overcoming the harmful effects of racial and economic segregation in the nation’s metropolitan areas.

The fact that the proposed bill does not do much to address transportation equity is another shortcoming. The draft bill simply consolidates severely underfunded transportation programs for low-income, disabled, and aging residents with hardly any details on improving the effectiveness of the consolidated programs or on how to provide

new funding for these programs. Transportation equity, however, cannot simply be limited to promoting public transit. If transportation policy can contribute to the hollowing out of regions' urban and inner suburban cores, it can also play a significant role in strengthening these areas. In fact, transportation equity must include active efforts to deconcentrate poverty within metros to promote truly equitable and sustainable growth. Transportation access from poor and racially isolated neighborhoods to more affluent, employment-rich communities is not sufficient to improve the life chances of children attending low-performing schools and living in neighborhoods that are often associated with poor health outcomes. Fair share housing policies that ensure a more equal distribution of affordable housing across metropolitan areas should have as high a priority as other policy goals such as smart growth and climate change in federal transportation policy.

The federal government has an immense opportunity to restructure metropolitan governance institutions in the original regionalist spirit that created the MPOs. It should not miss this opportunity to turn MPOs into engines of fair and sustainable metropolitan growth.

## **MPO REFORM: A NATIONAL AGENDA FOR REFORMING METROPOLITAN GOVERNANCE**

### **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).

Thirty-six states, which have either completed or are in the process of completing a climate action plan, explicitly recognize the need to reduce vehicle miles traveled (Pew Center on Global Climate Change 2009). Yet only 54% of American households have access to public transportation of any kind (Millar 2007). Meanwhile, the congestion "invoice" for the cost of extra time and fuel in the nation's metropolitan areas skyrocketed from \$16.7 billion in 1982 to \$87.2 billion in 2007.<sup>2</sup> In 2007, Americans wasted 2.8 billion gallons of fuel (enough to fill 370,000 18-wheeler fuel delivery trucks—bumper-to-bumper from Houston to Boston to Los Angeles) and 4.2 billion hours of extra time (enough to listen to *War and Peace* being read 160 million times through your car stereo) due to congestion (Texas Transportation Institute 2009, p. 5).

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). Attending racially segregated high-

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<sup>2</sup> The numbers included here are in constant 2007 dollars (Texas Transportation Institute 2009, p. 5).

poverty schools hurts the educational opportunities and life chances of students of color, severely undermining equality of opportunity in metropolitan areas (Orfield and Luce forthcoming in 2010).

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 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>3</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 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 Koulisch 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 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 grapeshot, transit, a cleaner environment, and basic opportunity for lower income Americans becomes harder, not easier, to accomplish.

With the national economy in the deepest recession since the Great Depression, reforming and strengthening metropolitan governance in the nation's metros is especially critical. The country can no longer afford the inefficiencies and inequalities produced by high levels of political fragmentation in its metros. Metropolitan areas need functional governance systems that would make them engines of fair and sustainable growth.

## **Regional Harms of Political Fragmentation**

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

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-

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<sup>3</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).

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 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 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 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>4</sup>

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<sup>4</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).

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).

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 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.

## **II. WHY IS THIS THE RIGHT TIME FOR METROPOLITAN REFORM?**

### **a. The federal government is back in the game.**

Regions need help from the federal government for metropolitan reform to happen. The history of reform efforts shows that state-level efforts alone are not sufficient to achieve this task. The American Recovery and Reinvestment Act (ARRA) of 2009 creates a situation where the federal government's role in the national economy is greater than any time since the Great Society initiatives of President Johnson. Resources pouring out of the federal government under ARRA can be effectively leveraged for metropolitan reform. The haphazard commitment of federal funds without a reform plan, however, is likely to deepen the inefficiencies and inequalities created by highly fragmented governance systems.

### **b. The federal stimulus should not be a missed opportunity.**

The need to act fast to provide significant stimulus to the economy has so far limited the federal government's ability to restructure metropolitan governance through the ARRA (Muro et al. 2009). The government has simply pumped resources through existing structures that overall reflected federal policies hostile to metropolitan solutions (Muro, Rahman and Liu 2009). It hastily mobilized federal funds without necessarily integrating funding streams to enable effective action at the metropolitan level.

A recent New York Times analysis of the Federal stimulus funds directed to transportation, for instance, shows that the nation's metropolitan areas were being 'shortchanged' because of the way the stimulus funds were distributed (Cooper and Palmer 2009). Seventy percent of the ARRA stimulus money allocated within the first 120 days of the act went to states, which have a long history of favoring rural areas over metropolitan areas when it comes to distributing federal transportation money.<sup>5</sup> With only 30 percent of the ARRA transportation funds going to Metropolitan Planning Organizations (MPOs), these funds certainly reinforce the existing sprawl-inducing pattern of spending disproportionately on rural areas.

Another analysis of the distribution of the ARRA transportation funds by Smart Growth America demonstrates that "despite a multi-trillion dollar backlog of road and bridge repairs, states committed almost a third of the ARRA STP money— \$6.6 billion—to new capacity road and bridge projects rather than to repair and other preservation projects" (Smart Growth America 2009, p.3). The analysis concludes that the overall distribution

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<sup>5</sup> The spending bias of states against metropolitan areas is confirmed by a recent study that analyzed 23 states' priorities in spending ARRA dollars (Muro et al. 2009, pp. 20-21),

of ARRA funds and “the number, type, and location of many of the new and widened roads planned will almost certainly contribute to sprawl” (Smart Growth America 2009, p. 26).

Similarly, federal stimulus money going into housing programs is likely to deepen the racial and economic inequalities created by highly fragmented governance systems. Take, for instance, the \$2 billion allocated to the Neighborhood Stabilization Program (NSP) from ARRA funds. The current NSP has a serious, though unintended, fair housing flaw. Program activities are targeted to the areas hardest hit by the foreclosure crisis and 25 percent of NSP funds are targeted to households earning below 50 percent of area median income (Poverty and Race Research Action Council, March 24, 2009). This generally means that NSP funds are used to develop low-income rental properties often through the acquisition of existing foreclosed properties.

The required or encouraged placement of the lowest income (and predominantly black, Latino, and in some areas Asian) families in the hardest hit, often moderate- to high-poverty and segregated neighborhoods concentrates poverty and deepens racial segregation. It is contrary to the requirements of the Fair Housing Act (Poverty and Race Research Action Council, March 24, 2009). In other words, rather than help create affordable housing for low-income families in areas of opportunity and reduce racial and economic segregation, additional NSP funds coming through ARRA are being allocated in a manner that has the exact opposite effect.<sup>6</sup>

The federal stimulus is fast becoming a missed opportunity unless it is accompanied by metropolitan governance reforms that can shake the unsustainable status quo of metropolitan areas. The federal government should stop squandering this large stimulus in a haphazard way. It should use the stimulus funds strategically to establish and strengthen metropolitan governance systems that can improve economic competitiveness, environmental sustainability, and social and economic equality in the nation’s metros.

**c. There are viable policy vehicles for metropolitan governance reform.**

The Obama administration is clearly open to federal restructuring of metropolitan governance structures. It has already pushed for political initiatives at the federal level that lay the groundwork for metropolitan reform. In March, 2009, the Secretaries of the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Transportation (DOT) announced an interagency partnership called the Sustainable Communities Initiative (HUD March 18, 2009). One of the main goals of the initiative is to integrate “regional housing, transportation, and land use planning and investment.” As part of the initiative, HUD and DOT propose to “make planning grants available to

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<sup>6</sup> Evidence from across the country suggests that foreclosed properties are widely available in low-poverty, high-opportunity communities. See footnote 1 in (Poverty & Race Research Action Council March 24, 2009). The NSP program can still target the families in the hardest hit areas for immediate assistance by offering them rental and homeownership opportunities in high-opportunity neighborhoods, rather than in low-opportunity areas. For specific strategies as to how to achieve this, see (Poverty & Race Research Action Council March 24, 2009).

metropolitan areas, and create mechanisms to ensure those plans are carried through to localities,” in order to help “metropolitan areas set a vision for growth and apply federal transportation, housing and other investments in an integrated approach to support that vision” (HUD March 18, 2009).

In June, 2009, the Sustainable Communities Initiative was expanded to include the U.S. Environmental Protection Agency (EPA) (HUD June 16, 2009). The expanded partnership among the three agencies aims to “better coordinate federal transportation, environmental protection, and housing investments.”<sup>7</sup> HUD is currently working with legislators on a bill that will create the Office of Sustainable Housing and Communities—an office that will manage HUD’s key relationships with DOT and EPA (HUD July 24, 2009). Designed to “advance housing and communities that promote affordable, livable, and sustainable living environments,” the new HUD Office will provide “technical and policy support for energy, green building, and integrated housing and transportation programs at HUD and around the nation” (HUD July 24, 2009).

The administration’s Sustainable Communities Initiative presents a valuable policy vehicle for comprehensive metropolitan governance reform. The Initiative shows great promise for streamlining federal agencies in ways that can address multifaceted metropolitan issues in a holistic fashion. However, as some civil rights advocates argue, “unless issues of racial segregation, poverty concentration, and equal access to opportunity are addressed openly and explicitly [in this initiative], it is possible that policy choices could be made that do not significantly promote fair housing” (Poverty and Race Research Action Council April 6, 2009). The Initiative, which certainly needs to address these concerns, is nevertheless a crucial step in restructuring the federal government in ways that will finally break existing policy silos at the metropolitan level.

The Surface Transportation Authorization Act of 2009 (STAA) is also another timely venue to pursue metropolitan governance reform. Historically, transportation has been a primary avenue for metropolitan reform (Wolf, Sanchez and Farquahr 2007). STAA continues this tradition by suggesting a number of changes to the organization of current MPOs. These changes have significant implications for how powerful, accountable, and democratic MPOs will be in the future.

STAA aims to be much more than another 6-year extension of the federal transportation budget. It involves a major overhaul of existing federal transportation programs as well as some significant institutional changes both at the federal and metropolitan level. The Act makes important strides in making MPOs more accountable and democratic but it is not

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<sup>7</sup> The HUD budget was released before the announcement of the expanded partnership that included EPA. “The Sustainable Communities Initiative, which would be a \$150 million set-aside under the CDBG program, would ‘integrate transportation and housing planning and decisions in a way that maximizes choices for residents and businesses, lowers transportation costs and drives more sustainable development patterns,’ according to HUD’s budget materials. Of the \$150 million, \$100 million would be for a regional planning effort to be jointly administered by HUD and the Department of Transportation (DOT), \$40 million would be for challenge grants to encourage changes to local planning and land use rules as well as building codes, and \$10 million would be for a research and evaluation effort jointly administered by HUD and DOT” (National Low Income Housing Coalition 2009).

very aggressive in empowering them. Institutional reforms such as the introduction of new offices and programs like the Office of Livability, the Office of Intermodalism, and the Metropolitan Mobility and Access Program certainly have the potential to be levers for metropolitan governance reform if they are given significant resources and power.<sup>8</sup>

Influential members of the Senate are also pushing legislation that can facilitate metropolitan reform. Housing and Urban Affairs Committee chairman Christopher Dodd recently introduced the Livable Communities Act which is designed to coordinate federal housing, community development, transportation, energy, and environmental policies to promote sustainable development. By promoting regional planning for livable communities and the adoption of sustainable development practices, the Act meshes very well with the Sustainable Communities Initiative.

The administration's Sustainable Communities Initiative, the Surface Transportation Act, and the Livable Communities Act present three crucial policy vehicles which can make comprehensive metropolitan reform a reality. The federal government should combine the unprecedented opportunities offered by the current crisis to usher the nation's metropolitan areas into the 21<sup>st</sup> century and use these three policy vehicles to build more cohesive and effective metropolitan governance structures across the nation.

### **III. RESTRUCTURING METROPOLITAN GOVERNANCE THROUGH MPO REFORM**

The key to metropolitan reform is to create metropolitan governance systems with the powers and the tools to coordinate land use, transportation, housing and environmental policy on a metropolitan scale. The most sensible way to boost metropolitan governance structures nationwide is for the federal government to reform the existing network of MPOs with an eye to enhancing the governing capacities of individual MPOs. MPOs represent the most viable starting point for creating metropolitan governance structures because an extensive network of MPOs, with important governmental powers and flexible institutional forms, already covers the entire nation.<sup>9</sup> The federal government has historically been very involved in promoting MPOs, without necessarily imposing a specific institutional form or representation structure on them. It must now play a strong role in reforming these regional institutions to further enhance their capacity to govern the nation's metropolitan areas.

#### **a. Federal Transportation Policy and the MPOs**

The federal government historically has played a very important role in establishing and strengthening metropolitan governance structures by mandating that local applications for

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<sup>8</sup> For a succinct discussion of the pros and cons of the STTA, see (Davis 2009).

<sup>9</sup> As Maloney correctly emphasizes, MPOs "are the only federally mandated units of regional government which exist, and they may hold the key in terms of developing more effective ways to solve regional problems even beyond transportation" (Maloney 2007, p. 7).

federal transportation funds be reviewed by a metropolitan agency with the authority to produce a comprehensive metropolitan plan (Ensch 2008). Since the 1950s, numerous federal laws incrementally strengthened the role of the MPOs in the nation's transportation policy (Lee 2008; Lewis 1998). The institutional powers of the MPOs in practice, however, waxed and waned from decade to decade under different administrations (Giuliano 2007).

The institutional autonomy of MPOs was relatively limited until the 1990s. Before then they either operated as subdivisions of state departments of transportation or as part of regional councils of government (COGs) (Ensch 2008). The 1991 and 1998 federal transportation acts (ISTEA and TEA-21), however, expanded the autonomy of MPOs significantly, giving them unprecedented discretion and flexibility in allocating transportation funds (Sanchez 2006). While the Bush Administration did not do much to further empower MPOs, it nevertheless kept the previously established MPO structure intact through its SAFETEA-LU act of 2005.

As a result of these federal initiatives, MPOs now provide the most extensive existing network of metropolitan governance institutions in the nation. Every state in the nation has MPOs, totaling 384 nationwide in 2008 (Ensch 2008). However, the functional form and organizational structures of MPOs vary significantly from metro to metro. Substantial variations in MPO governance structures continue to exist because the federal government leaves this to the discretion of governors, state legislatures, and local governments (Sanchez 2006, p. 3). The four major types of organizing structures for MPOs are COGs, free-standing MPOs, county-level MPOs, and state-run MPOs. Most MPOs, however, are either COGs or free standing MPOs (Sanchez 2006).<sup>10</sup>

### **b. 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>11</sup> Special purpose governments and voluntary agreements at best provide ad hoc solutions to metropolitan problems. They suffer from a number of limitations that limit their effectiveness as metropolitan institutions.<sup>12</sup>

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<sup>10</sup> Councils of Governments (COGs) are voluntary associations of elected public officials representing local governments in a metropolitan area, formed with the purpose of developing consensus about metropolitan needs and ways to address these needs (Beckman 1964). Free-standing MPOs are mostly special purpose governments that focus on the transportation needs of the region.

<sup>11</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>12</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).

Special purpose governments complicate the issue of metropolitan 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 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 metropolitan 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 metropolitan institutions that are capable of producing comprehensive regional solutions. Neither special purpose governments nor voluntary agreements are suitable for effective metropolitan governance. Despite this, they have been proliferating in number and are fast becoming the most common forms of dealing with metropolitan 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 metropolitan governance would require multi-purpose governance structures that are legally empowered to tackle these thorny issues.

**c. Multi-purpose metropolitan governance structures with strong powers produce better metropolitan outcomes.<sup>13</sup>**

Few metropolitan areas in the nation have the strong general-purpose governance structures that resemble the full-fledged metropolitan 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 metropolitan growth patterns (Orfield and Luce 2009).<sup>14</sup> These MPOs are metropolitan governing bodies in the sense that they neither duplicate nor replace functions performed by local governments in their metropolitan areas, providing services

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<sup>13</sup> This section heavily relies on the findings reported in (Orfield and Luce 2009).

<sup>14</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 2009, footnote i).

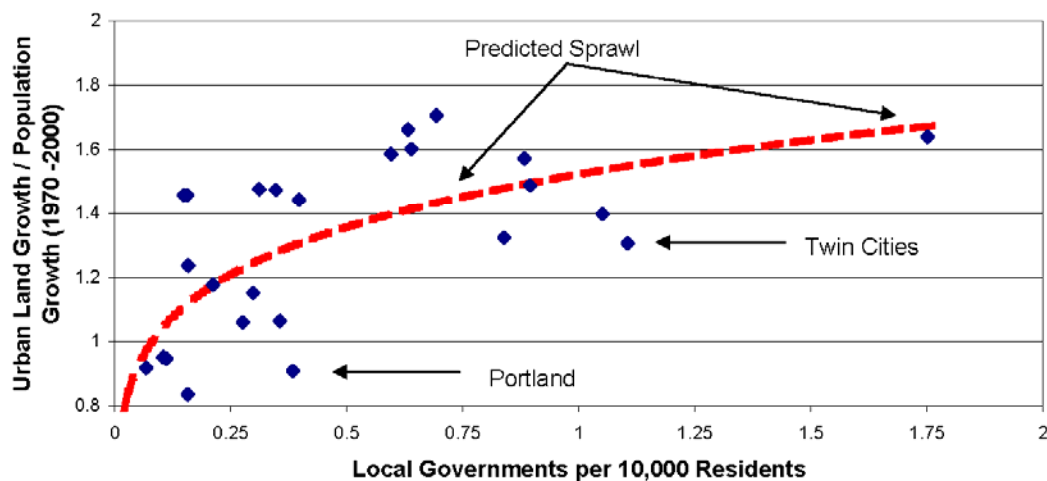
that are most efficiently rendered at a metropolitan scale. In both the Twin Cities and Portland, the presence of metropolitan multi-purpose governments with strong land use, transportation, and growth management powers has helped curb sprawl and racial segregation and has promoted job growth and fiscal equity (Orfield and Luce 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 the Twin Cities sprawled much less than would be expected, given their fragmentation rates. The sprawl ratios of the 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 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)**

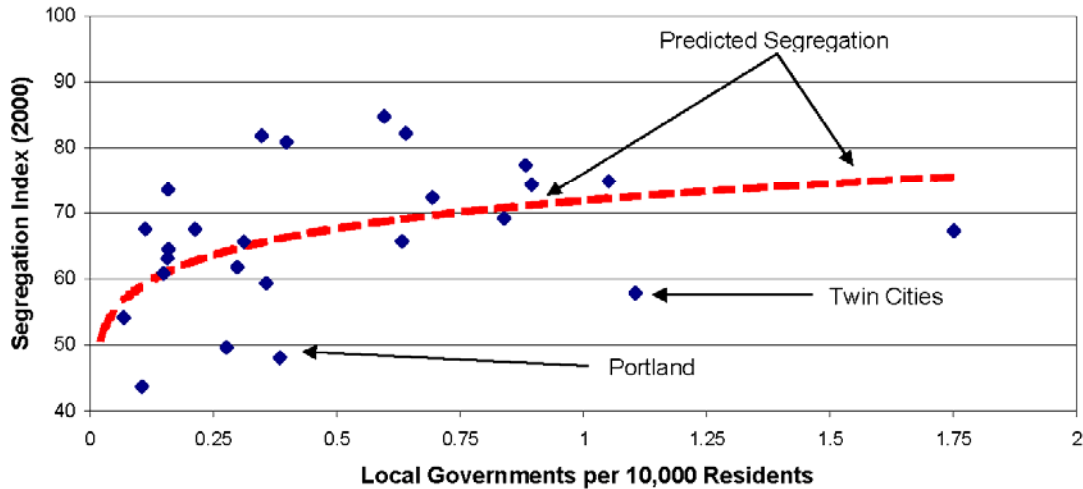


### *Less Segregation*

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>15</sup> Figure 2 demonstrates that the metropolitan coordination of land use planning in the 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 the Twin Cities were respectively 23 percent and 16 percent lower than expected given each region's existing level of political fragmentation (Orfield and Luce 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*

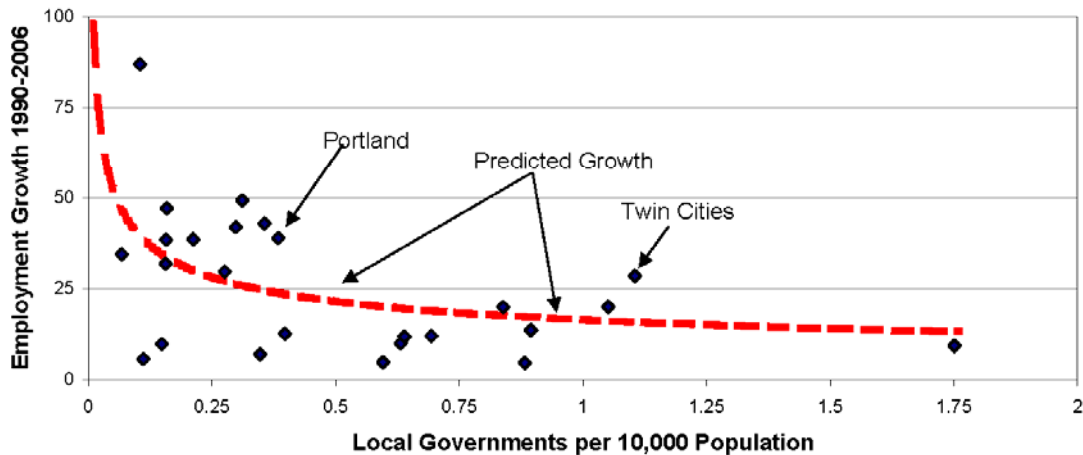
Political fragmentation intensifies the dysfunctional intra-regional competition by local governments for additional tax base. Often such competition merely reshuffles jobs from low-capacity municipalities, which cannot afford to extend the expensive government subsidies other municipalities extend to 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).

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

<sup>15</sup> The dissimilarity index measures the percent of regional residents who would have to change residences in order to achieve complete integration.

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 2009).

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



### *Less Fiscal Inequality*

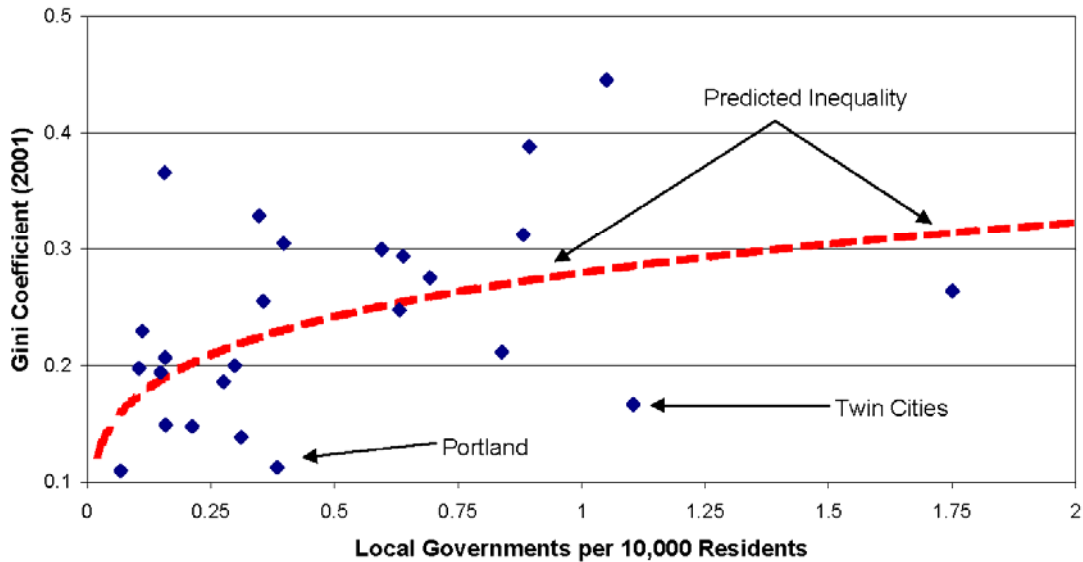
Intra-regional competition takes place on an uneven playing field where local governments with widely different fiscal capacities compete with each other. In most cases, high-capacity municipalities are the winners of intra-regional competition at the expense of low-capacity municipalities. Fragmentation 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>16</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>16</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 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 metropolitan areas 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>17</sup> As the examples of the Twin Cities and Portland show, the two metros with the most highly developed multi-purpose metropolitan governance structures fare better than expected in a variety of economic and social measures.

<sup>17</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 2009).

#### **IV. WHAT ARE THE ESSENTIALS OF EFFECTIVE METROPOLITAN GOVERNANCE?**

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

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

Effective metropolitan governance requires democratic regional institutions. Undemocratic representation within regional institutions intensifies metropolitan 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 metropolitan 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 metropolitan 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 metropolitan 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 metropolitan policies should be the result of a consensus-oriented process. While the overall goal of metropolitan

policies is to create a ‘winning region,’ metropolitan governance is rarely a conflict-free process. Metropolitan policies create local losers and winners, and metropolitan 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 metropolitan goals are articulated in a democratic fashion by taking into consideration the *regional* interests of all jurisdictions in the metro.

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 metropolitan issues. Voters instead almost certainly evaluate them overwhelmingly on their performance in their primary job. For metropolitan 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 metropolitan concerns.

#### **b. The need for *accountable* metropolitan 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 metro-wide services like transportation, housing and environmental protection comes from state and federal sources, there is great potential to incentivize metropolitan 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 metropolitan progress requires a clear articulation of metropolitan goals. The harms of fragmentation manifest themselves in a number of policy arenas including land use, transportation, housing, and environment. Therefore, the effectiveness of metropolitan governance structures can only be evaluated by measuring the extent to which interconnected metropolitan goals are achieved. These metrics of accountability should include: the effectiveness and sustainability of land use policies; how evenly affordable housing is distributed; metro-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* metropolitan 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 metropolitan goals. Metropolitan 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>18</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 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 metropolitan 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>19</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>20</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

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<sup>18</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>19</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>20</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.

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 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.

**d. The need for *multi-purpose* metropolitan governance structures**

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

## **V. POLICY RECOMMENDATIONS:**

### **1. MAKE REPRESENTATION ON MPO GOVERNANCE BOARDS MORE DEMOCRATIC**

Undemocratic voting structures within MPO boards can undermine the effectiveness of MPOs and metropolitan governance in a number of ways. They can skew a metro's transportation investments by disproportionately committing transportation funds toward projects that primarily benefit over-represented localities, and not necessarily the broader metropolitan area. Over-representation of suburban districts in MPO governance boards has been shown to lower a region's investment in public transit, thus hampering the transportation choices available to metropolitan residents (Nelson et al. 2004). Disproportional representation in MPO boards also undermines the effectiveness of MPOs by eroding their institutional legitimacy.

The STAA of 2009 addresses the problem of representation in MPO boards in two different ways. First, it amends the certification requirements of MPOs to require that "voting members of the metropolitan planning organization are represented in proportion to the population of each political subdivision to the total population of the metropolitan planning area" (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (q)(2)(C) (2009)). Second, the draft bill also requires the participation of public transit officials on MPO boards.<sup>21</sup> Both of these changes are steps in the right direction in that they are improvements over the current disproportional representation structure that tends to favor highway construction over transit. But they fall short of addressing crucial representational problems that continue to plague MPOs boards and to undermine effective metropolitan governance in the nation's metros.

- a. **The STAA should require that MPO board members be composed of representatives who are accountable primarily to the metropolitan area's citizens.**

Most MPO boards are composed of members who were elected to a different political institution, usually a municipal office of some sort. While these representatives are

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<sup>21</sup> The 86-page summary of the STAA released by the U.S. House of Representatives Committee on Transportation and Infrastructure states that the Act "ensures increased participation by public transit officials in all MPOs" (The U.S. House of Representatives Committee June 18, 2009, p. 24). The draft language simply calls for representation by public transit officials without specifying the extent of representation (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 1508 (c)(3) (2009)).

elected to serve their local areas, they usually are not specifically elected for the regional board. Voters therefore evaluate them primarily on their performance in their primary job—as a city councilman or mayor, for instance. They should instead be held accountable based primarily on their performance on the metropolitan issues handled by the MPO.

The divided loyalties of board members who are local representatives hurt metropolitan areas by impeding the formation of effective metropolitan governance structures. The most common way communities address this governance problem—possibly because it is the politically easiest option—is to increase the overall influence of regional interests in governance boards. This is often achieved by appointing board members from state or regional agencies. While this does not guarantee that regional interests will prevail, it nevertheless curbs the parochialism of local representative-dominated governance boards.<sup>22</sup>

However, adding representatives with regional or state-wide interests does not eliminate the problem. In fact, it may create a different type of problem. At-large regional or state board members still represent agencies whose interests are different than the multi-faceted interests of the region. For instance, a board representative from a state department of transportation could make policy decisions solely through a transportation lens, while a metropolitan governance institution needs to make decisions with a more holistic metropolitan policy orientation that integrates land use, transportation, housing and economic development.

The STAA proposal to include public transit officials in the governing boards of MPOs is laudable because it increases the power of transit officials in MPO governance boards which have historically been dominated by highway officials. However, this proposal, which is a politically easy, short-term fix, is not useful in the long run because it avoids the larger problem of the misalignment of regional and local interests in MPO governance boards. Effective metropolitan governance needs political institutions constructed on a geographic scale larger than local government units but smaller than state governments. Regional political constituencies can only be constructed by promoting an understanding of metropolitan areas as “distinctive, internally interconnected places.”<sup>23</sup>

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<sup>22</sup> In fact, there is evidence from regional transportation authorities that when regional governance boards have a larger percentage of at-large board members vis-à-vis local government representatives, they tend to prioritize regional projects more consistently over time, exhibiting a more metro-oriented outlook (Gerber and Gibson 2008).

<sup>23</sup> Richard Briffault articulates the importance of regional elections for effective metropolitan governance: Metropolitan governance will require not just a reduction in the significance of existing local boundaries but the creation of new, regional boundaries. The metropolitan area is frequently an economic unit. It needs to become a political unit as well. Bounding the metropolis would bring greater “clarity” to the notion of the metropolitan area as a distinctive, internally interconnected place, and would thus provide a political basis for enabling residents to conceive of the metropolitan area as a community. More figuratively, bounding the metropolis with regional political institutions could provide the regulatory and administrative capacity to deal with regionwide problems that cannot be addressed by the existing local government structure. It would offer a critical opportunity for regionwide deliberation, popular participation in decisions of

**b. The STAA should make the recertification of MPOs conditional on proportional representation of central cities, fully developed suburbs, and developing suburbs in MPO boards based on their populations.**

Another important issue affecting representation on regional boards is the growing complexity of metropolitan America. The STAA requires that the voting structures of MPOs be apportioned to population in an attempt to reverse the under-representation of urban areas and over-representation of suburban areas common to many existing MPO boards. The draft bill improves upon the existing voting structures by striking a balance between urban and suburban interests. However, a simple urban/suburban policy framework is no longer adequate to the task (Orfield 2002). Today's metropolitan reality is far more complex. The distinction between cities and suburbs has been blurred for some time with some older suburbs now having more in common with central cities than the newer suburbs. Suburban communities are also fairly diverse in the ways they develop. However, despite this diversity, metropolitan communities with similar needs and capacities are affected by regional trends in comparable ways. As a result, they tend to face similar challenges and opportunities and share common regional interests. It is possible to sort out these "communities of common regional interest" by grouping them according to their needs and capacities.

The highly fragmented governance structures that currently shape the nation's metros often pit central cities, fully-developed suburbs, and developing suburbs against each other. This pushes every community to fend for itself, obscuring the fact that they often have interests in common at a regional scale. For instance, like the central cities, fully-developed suburbs often struggle with growing needs with small and shrinking resources. In some ways, fully-developed suburbs often are less likely to rebound than the central cities, lacking the advantages of centrality and the cultural amenities that many central cities have. They often have old infrastructure—like roads and sewers that need to be rebuilt—and compete with newer suburbs developing at the metropolitan fringe. Most of these fully-developed suburbs are going through the same racial and economic dynamics that made central cities residentially segregated.

Fragmentation also means that localities often have no effective forums for communicating and negotiating with their neighbors about potential impacts of local policies on neighboring communities. A developing job center's growth opportunities often means growing traffic congestion for neighboring communities and loss of tax base for other areas. A bedroom developing suburb's rapid growth may consume open space previously enjoyed by residents of neighboring developed areas.

Effective metropolitan governance structures do not weaken the power of local jurisdictions in regional decisions. Instead, they empower local jurisdictions by giving them a means to articulate their common *regional* interests and to collectively advocate

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regional significance, and the accountability of regional officials to the people who live in the region (Briffault 1996, p. 1165).

for these interests in a regional platform, where all types of metropolitan communities are fairly represented (Frug 2002, p. 1790).

Metropolitan politics often boil down to the politics among three distinct “communities of common regional interest”: central cities, fully developed suburbs, developing suburbs.<sup>24</sup> Regional dynamics, which connect these communities inextricably to each other, affect each one differently. Each one of these three communities is an essential part of a larger metropolitan machine, and each one needs to be fairly represented in metropolitan governance structures for the region to operate effectively.

The STAA should be amended to give proportional representation to these three distinct “communities of common regional interest” in MPO boards. In order to ensure that MPO boards have democratic voting structures, the MPO recertification process should require that each state choose one of the following two options to select MPO representatives:

- I. MPO members shall be directly elected by districts drawn by the state on the basis of one person/one vote and the Federal Voting Rights Act. Districts for MPO representatives should be drawn so that the central cities, fully developed suburbs, and developing suburbs will each have a proportional number of districts relative to their metropolitan population.
- II. MPO members shall be selected by metropolitan area municipalities from districts drawn by the state that are equal in population. Districts for MPO representatives should be drawn so that the central cities, fully developed suburbs, and developing suburbs shall each have a proportional number of districts relative to their metropolitan population. In selecting the MPO member, each municipality in a district so drawn shall have a proportional number of votes based on the municipality’s relative population to the district.

Option I essentially requires that MPO board members are elected through metropolitan districts in which all three “communities of common interest” are fairly represented. Although politically more difficult, this would be the ideal long-term solution to the current misalignment of regional and local interests in MPO boards in the sense that only democratically-structured governing boards made up of elected regional officials can be effective instruments for articulating regional interests. Option II falls short of suggesting direct regional elections but it does ensure collective voice for individual communities by giving them fair representation based on their membership within the three regional subgroups.

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<sup>24</sup> Orfield and Luce’s typology of metropolitan communities can be aggregated to reflect these three distinct political interests (Orfield and Luce forthcoming in 2010). While central cities stand out as a distinct category, stressed suburbs and developed job centers constitute fully developed suburbs. Developing job centers and bedroom developing suburbs make up most of developing suburbs.

## 2. MAKE MPOs MORE ACCOUNTABLE

Democratizing voting structures on MPO boards would go a long way toward making MPOs more accountable. Yet, metropolitan constituents and the federal government still need a number of accountability metrics they can use to measure the progress of MPOs in solving regional problems and achieving regional goals. These regional goals are many and interrelated, and accountability measures should therefore include land use, transportation, housing, and environment.

The establishment of clear accountability metrics by itself does not ensure accountability. Holding MPOs fully accountable requires an enforcement mechanism that creates significant consequences for not making significant regional progress. The transportation dollars that the federal government allocates to MPOs makes the federal government the most influential political actor in enforcing these goals. By making the recertification of MPOs conditional on making significant regional progress, the federal governments can use the MPO recertification process as an effective enforcement mechanism.

### **a. The STAA should specify the metrics that are necessary to measure the progress MPOs make toward achieving fair and sustainable growth.**

The STAA makes important strides toward enhancing accountability for MPOs by requiring that MPOs “implement a system of performance management” as part of their recertification process (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (k)(s) (2009)). This system of performance management requires that the “Secretary, in consultation with metropolitan planning organizations and States, shall establish qualitative and quantitative performance measures” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (k)(s)(2)(A) (2009)). The system also requires that “each metropolitan planning organization shall establish a target level of performance in relation to each of the performance measures established” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (k)(s)(3)(A) (2009)).

The draft bill does not exactly specify the required performance measures. It simply requires that they “measure, at a minimum, the degree to which the long-range transportation plan reduces congestion, improves mobility and safety, increases the state of good repair of surface transportation assets, decreases surface transportation-related emissions and energy consumption, is consistent with land use plans, and increases the connectivity of and access to the surface transportation system” and “include, at a minimum, any other information the Secretary considers appropriate” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (k)(s)(2)(B)(iii); (k)(s)(2)(B)(iv) (2009)).<sup>25</sup>

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<sup>25</sup> In addition, the performance measures for large metropolitan areas “include a measurement of the degree to which the long-range transportation plan is developed through an assessment, at a minimum, of the following: (i) Land use patterns that support improved mobility and reduced dependency on single-occupant motor vehicle trips; (ii) An adequate supply of housing for all income levels; (iii) Limited impacts

While these minimum performance measures reflect worthy regional goals, they hardly constitute a comprehensive list. In order to ensure making significant progress toward fair and sustainable metropolitan growth, a more comprehensive list should include the following accountability metrics:

- the effectiveness and sustainability of land use policies—measured by a sprawl index that calculates the increase in urbanized land in relation to population growth;
- the fairness of affordable housing distribution in a region—measured by the percentage of affordable housing in moderate- to high-opportunity communities;<sup>26</sup>
- the extent to which a region is racially and economically segregated—measured by traditional measures such as the dissimilarity indices or the percentage of low-income people (students) and people (students) of color in segregated neighborhood (school) settings;
- the extent to which job growth is clustered to promote multi-modal transportation options and transit-oriented development—measured by percentage of jobs in high-density job centers; and
- the extent of fiscal inequality in a region—measured by the Gini coefficient for local tax-bases.

The draft bill should be amended to include these accountability metrics so that MPOs across the nation could be held to the same standards.

The draft bill should also strengthen the enforcement mechanism that creates significant consequences for MPOs not meeting metropolitan performance targets. The draft bill makes recertification conditional on meeting metropolitan performance targets. If MPOs fail to recertify due to non-compliance “the Secretary may withhold up to 20 percent of the funds attributable to the metropolitan planning area of the metropolitan planning organization” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (k)(q)(3)(A) (2009)).

Historically, the withholding of federal funds to uncertified MPOs has not been an effective enforcement mechanism because it is left to the discretion of the Secretary. In fact, no MPO has ever lost funding through this mechanism (Brookings Institution 2008, p. 53). In order to make the recertification process an effective instrument of accountability, MPOs should lose federal funds, rather than simply face the threat of losing federal funds, if they fail to certify. The draft bill should *require* the Secretary to withhold federal funds if MPOs fail to certify due to non-compliance.

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on valuable farmland, natural resources, and air quality; (iv) A reduction in greenhouse gas emissions; (v) An increase in water and energy conservation and efficiency; (vi) An improvement in the livability of communities” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 3004 (k)(s)(2)(C) (2009)).

<sup>26</sup> Lukehart et al. developed an opportunity index to classify local communities according to their ability to offer a number of opportunities to their residents (Lukehart et al. May 2005). This method can be used to identify moderate- to high-opportunity places in the nation’s metros.

### 3. PROVIDE MPOs WITH THE NECESSARY POWERS

Once democratic and accountable metropolitan governance structures are in place, MPOs should be sufficiently empowered to take on the complex problems of metropolitan areas. The 1991 and 1998 federal transportation acts (ISTEA and TEA-21) expanded the institutional powers and autonomy of MPOs significantly. In practice, however, state DOTs still weigh heavily on transportation decisions, undermining the ability of MPOs to govern their regions in a holistic fashion (Wolf et al. 2007, pp. 89-90). The STAA of 2009 does not offer any specific measures to change this practice. In fact, the STAA imposes fairly stringent performance standards on MPOs without empowering them to meet their goals.

Most MPOs still lack the comprehensive regional planning powers that are needed to tackle challenging metropolitan issues. Transportation planning powers are only a subset of the legal capacities MPOs need to govern their regions effectively. Without the legal authority to do comprehensive regional planning beyond transportation issues—planning affecting land use, housing, and waste water collection and treatment, for instance—MPOs cannot really affect the most powerful forces shaping their regions. Demanding accountability from the MPOs without sufficiently empowering them sets them up to fail.

MPOs can be empowered in two different ways. The most direct way to do this is through the STAA of 2009. The act could require that MPOs implement comprehensive regional planning in order to be certified and spell out the specific components of comprehensive regional plans, while explicitly limiting the powers of state DOTs in metropolitan transportation decisions.

Alternatively, MPOs could be given additional comprehensive regional land use and housing planning powers indirectly through a combination of institutional changes at HUD, amendments to the STAA, and the reestablishment at the federal level of the A-95 review process. First, the Livable Communities Act introduced by Senator Chris Dodd could be used as a vehicle to authorize HUD to require metropolitan areas to enact comprehensive regional land use and housing plans. Second, the STAA could be amended to require MPOs to formally coordinate their transportation plans with HUD's comprehensive regional land use and housing plans. Third, the MPOs could be empowered with the authority to review and override local land use and housing decisions through the reinstitution of A-95 review process at the federal level.

- a. The STAA should be amended to directly empower MPOs with specific comprehensive regional planning powers and the power to review local plans.**

The STAA should require all MPOs to develop metropolitan land use plans for the orderly development of their regions. These plans should include an overall metropolitan

development guide with specific regional systems plans for transportation and transit, housing, and metropolitan sewer and waste water management. The plan should also include a designated urban growth boundary or urban services area to ensure orderly, contiguous growth patterns. Coupled with this, MPOs should be required to control development outside the urban growth boundary or urban services area to avoid leapfrog development.

In order to protect emerging MPO powers from existing institutions, the STAA should explicitly define the authority of MPOs in relation to local governments and state agencies such as the state departments of transportation. For instance, MPOs need to be able to prevent local actions from undermining the metropolitan plan. The most direct way to do this is to give MPOs power over federal resources coming into the metro—the power, for instance to withhold federal transportation funding from local areas whose local plans are not consistent with the comprehensive metropolitan plans designed by the MPOs.

Similarly, the STAA should redefine the authority of state departments of transportation in the allocation of transportation funds, explicitly limiting their involvement to an advisory capacity within metropolitan areas. The STAA should give the discretion to allocate all federal transportation funds within individual metropolitan areas exclusively to MPOs, explicitly stating that the state departments of transportation shall abide by the MPO's decisions within a metropolitan area.

**b. Alternatively, the Livable Communities Act in combination with the STAA could be a vehicle to enhance the power of MPOs indirectly.**

On August 6, 2009, Senate Banking, Housing and Urban Affairs Committee Chairman Chris Dodd introduced the Livable Communities Act draft bill (Senate Office for Chris Dodd 2009). The bill will “create competitive planning grants that towns and regions can use to create comprehensive long-term plans that integrate transportation, housing, land use, and economic development; create challenge grants that towns and regions can use to implement these long-term plans through investments in public transportation, affordable housing, complete streets, transit-oriented development, and brownfield redevelopment; establish a federal Office of Sustainable Housing and Communities at the Department of Housing and Urban Development to administer and oversee the Livable Communities grant programs; and establish a federal Interagency Council on Sustainable Communities that will include representatives from the Department of Housing and Urban Development, the Department of Transportation, the Environmental Protection Agency, and other federal agencies to coordinate federal sustainable development policies” (Senate Office for Chris Dodd 2009).

The bill relies entirely on competitive planning grant incentives to build organizational capacity for metropolitan governance. This is a shortcoming because this makes the development of metropolitan governance capacities optional and it helps build metropolitan governance capacities only in places where some form of functional governance structures already exist. In order to build metropolitan governance capacities

across the nation, the bill should also rely on formula grants to metropolitan areas to fund metropolitan planning program requirements. The bill should be amended to address this shortcoming in order to create wide-spread metropolitan governance capacities across the nation. Once strengthened with these changes, the Livable Communities Act can be an effective instrument for instituting comprehensive regional land use and housing planning powers through HUD. If these newly created powers are appropriately linked to the transportation planning powers of MPOs, metropolitan governance structures could be significantly strengthened. In order to link these powers, the STAA could be amended to require MPOs to formally coordinate their transportation plans with HUD's comprehensive regional land use and housing plans. Finally, in order for this coordination to have real teeth, the MPOs could be given the authority to review and override local land use and housing decisions through the reinstatement of the A-95 review process at the federal level.

#### **4. RESTRUCTURE METROPOLITAN GOVERNANCE BY BREAKING POLICY SILOS AT THE FEDERAL AND METROPOLITAN LEVELS**

Policy silos at the federal and metropolitan levels impede effective metropolitan governance. Federal government programs need to be reformed to encourage breaking these policy silos and to better streamline federal policy initiatives at the federal and metropolitan levels. While the administration's Sustainable Communities Initiative is a great step toward breaking federal policy silos, the Initiative fails to formalize the cooperative arrangements among federal agencies at the appropriate institutional level. The Initiative needs an institutional driver authorized to explicitly coordinate the work of federal agencies on metropolitan policy. This should not be HUD because HUD is simply one federal agency among many federal agencies. If HUD takes the driver's seat in ushering these metropolitan reforms, other federal agencies could perceive this as an encroachment into their turf. Institutional reform of this scale should be driven by a separate institution that stands on an equal footing in relation to all federal agencies.

- a. Either the Interagency Council on Sustainable Communities (ICSC) or the White House Office of Urban Affairs (WHOUA) should lead the structural realignment of federal agency programs at the metropolitan level by being the driving force behind the Sustainable Communities Initiative.<sup>27</sup>**

The Livable Communities Act can be a useful vehicle in establishing an institution that can lead the Sustainable Communities Initiative. The Act would establish a federal Interagency Council on Sustainable Communities including representatives from the Department of Housing and Urban Development, the Department of Transportation, the

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<sup>27</sup> Some of the institutional reform suggestions outlined in this sub-section come from a Task Force report that was presented to HUD Secretary Shaun Donovan. The Task Force recommended that HUD's urban and regional mission should be extended. The report, which was compiled by the Penn Institute for Urban Research along with other task force reports, is published as Chapter 6 in (Penn Institute for Urban Research February 2009).

Environmental Protection Agency, and other federal agencies to coordinate federal sustainable development policies. This Council could be an effective force behind the Sustainable Communities Initiative. Alternatively, the recently created WHOUA, which approaches urban issues from a strictly metropolitan perspective, could play a leading role in implementing the Sustainable Communities Initiative.<sup>28</sup> WHOUA is authorized to work with and coordinate the policies of ten federal agencies and is uniquely positioned to develop linkages among federal policy silos.

Whether it is the ICSC or the WHOUA, a leading agency behind the Initiative could be an effective institutional lever for comprehensive metropolitan reform by performing three crucial tasks. First, it should work with a number of federal agencies to expand the number of agencies participating in the Sustainable Communities Initiative. Second, it should oversee the implementation of the Sustainable Communities Initiative by acting as the arbiter of potential conflicts that might emerge among these agencies. Third, it should be the driving force behind the Sustainable Communities Initiative by pushing for institutional reforms that would further streamline policy making at the metropolitan level.

One such institutional reform would involve a federal requirement mandating that all federal metropolitan planning programs be funded through and be the responsibility of a common multi-purpose metropolitan agency such as an MPO (Penn Institute for Urban Research February 2009, pp. 120-121). Either the ICSC or the WHOUA could facilitate the collaboration of federal agencies in submitting legislation that would provide general operating funds to these designated multi-purpose metropolitan planning agencies. The provision of seed money for these designated agencies would establish much needed organizational capacity for metropolitan governance.

Building organizational capacity for metropolitan governance on a national scale, however, would also require committing existing federal resources. The federal agencies collaborating under the Sustained Communities Initiative should redirect a certain portion of their existing program funds to projects of metropolitan scope and significance. Redirecting funds for metropolitan projects could provide fiscal incentives for strengthening metropolitan governance structures. For instance, HUD could set aside a third of its CDBG and HOME program funds for grants to metropolitan institutions to operate programs with significant metropolitan impact. Other federal agencies, such as the DOT and EPA, could follow suit. Federal grants to metropolitan institutions, funded through multiple federal agencies, could be the main funding source for all federal metropolitan planning programs.

These funds could be distributed in two forms (Penn Institute for Urban Research February 2009, pp. 127-128). They could be allocated on a competitive basis as grants to regions that come up with the best metropolitan projects. This would reward regions which already have functional metropolitan governance structures and encourage them to

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<sup>28</sup> The White House Office of Urban Affairs was established by the Executive Order of February 19, 2009. One of the main intents behind the establishment of this Office is to “coordinate all aspects of urban policy” (The White House, February 19, 2009).

do more. By rewarding and enabling such best practices, competitive grants could show that comprehensive metropolitan policy is viable and that it makes sense for the federal government to support metropolitan projects. Some metropolitan grants could also be allocated to metropolitan areas by formula. Many federal programs have entitlement community designations that entitle communities to a certain amount of federal funds, usually based on their population. Metropolitan communities could receive a certain portion of these entitlement funds in order to fulfill their federal metropolitan planning program requirements. Formula funding could help build metropolitan governance capacity across the nation and create a widespread political constituency for federal metropolitan planning programs by spreading the funds across the nation.

**b. In order to promote equitable and sustainable metropolitan growth, the Sustainable Communities Initiative needs to substantially reform existing federal policies so that they no longer undermine each other.**

While the Sustainable Communities Initiative is a very positive step, it will not achieve much unless it reforms federal policies that contribute to current metropolitan problems. For the Initiative to be an effective lever for metropolitan reform, it needs to streamline federal programs so that they do not work at cross purposes. For instance, while HUD has been working to revive urban areas through its CDBG programs, federal transportation policies have actively undermined these efforts by constructing highways that encouraged suburban flight from urban areas (Penn Institute for Urban Research February 2009, p. 129).

In fact, federal transportation policies have done more than simply undermine federal housing policies. They have actively driven sprawl and inequality in the nation's metros (Poverty and Race Research Action Council March 10, 2009). Along with regional land use decisions, federal transportation investments created many opportunities for many exclusive communities to gain the greatest share of their region's business and residential tax wealth as these communities actively undermined fair housing and furthered racial and economic segregation. The Sustainable Communities Initiative should encourage a realignment of federal policies so that they reinforce, rather than undermine, each other. The Initiative should be instrumental in reversing federal transportation and housing policies that continue to undermine fair housing in order to promote regional equity and expanded opportunity for *all* metropolitan residents.

The Sustainable Communities Initiative has attracted criticism from advocates for not making equity an explicit goal.<sup>29</sup> HUD Secretary Shaun Donovan responded to these criticisms in a speech to the National Fair Housing Alliance.<sup>30</sup> Secretary Donovan described the Initiative as an expression of HUD's intent to create "a geography of opportunity for all Americans" by integrating "transportation and housing planning and decisions in a way that maximizes choices for residents and businesses, lowers

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<sup>29</sup> See, for instance, (Massa 2009).

<sup>30</sup> (Donovan 2009). In this speech, Secretary Donovan forcefully reiterated HUD's commitment to affirmatively furthering fair housing, emphasizing the substantial increases in HUD budget for signature fair housing programs like the Fair Housing Initiatives and the Fair Housing Assistance Programs.

transportation costs and drives more sustainable development patterns” (Donovan 2009). He also singled out the Sustainable Communities Initiative for furthering HUD’s commitment “to fair housing by taking steps to remedy the problems imposed by concentrations of poverty across the country and give all Americans equal housing choice” (Donovan 2009).

The Sustainable Communities Initiative’s goal to create a new “geography of opportunity” by maximizing choice for residents and businesses is commendable. However, this goal cannot be achieved unless the Initiative aligns various federal policies more closely with fair housing goals (Poverty and Race Research Action Council April 6, 2009). Federal housing, transportation, education and infrastructure investments that have harmful effects on patterns of residential segregation have to be reversed to support and develop diverse, sustainable communities with access to opportunity for all residents (National Commission on Fair Housing and Equal Opportunity 2008).

The Initiative’s structural realignment of federal policies at the metropolitan level is simply a means toward the substantial goal of promoting equitable and sustainable growth in the nation’s metropolitan areas. This realignment is necessary for building organizational capacity for metropolitan governance on a national scale. However, it is not sufficient to deal with the thorny issues of exclusionary zoning and residential segregation or to really expand opportunities for all. The Initiative needs to offer more substantial reforms involving fair housing to make equitable and sustainable growth a reality.

For instance, the Initiative could require specific low- and moderate-income housing goals for each local government receiving metropolitan grants by formula. In awarding competitive metropolitan grants, the Initiative could give highest priority or extra funding to metropolitan projects that promote fair housing along with transit-oriented development. The Initiative could also provide significant incentives for metropolitan projects that use inclusionary zoning, employ affirmative marketing strategies, and ensure significant mixed-income housing in transit-oriented development projects. Finally, the Initiative could require the recipients of metropolitan grants “to coordinate their Environment Justice review activities with the fair housing planning activities of their jurisdiction, and to include in their jurisdiction’s Analysis of Impediments to Fair Housing an examination of the impact of federally funded transportation projects and service on patterns of residential segregation and on groups protected by the Fair Housing Act” (Poverty and Race Research Action Council March 10, 2009).

**c. The STAA should be amended to add more detail and substance to the metropolitan planning process so that it works more effectively to make livability and sustainability a metropolitan reality.**

The STAA has the potential to help streamline federal policies at the federal and regional level. At the federal level, the Act proposes to establish two new offices—the Office of Livability and the Office of Intermodalism—which provide new organizational avenues

for the DOT and various other federal agencies to interface and collaborate.<sup>31</sup> At the metropolitan level, the Act would establish the Metropolitan Mobility and Access Program, which extends direct federal assistance to MPOs for implementation of metropolitan mobility plans (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 701 (2009)). The assessment criteria for the metropolitan mobility plans link numerous policy areas together.<sup>32</sup> This makes the Program a potentially useful institutional tool for integrating various federal policies at the metropolitan level.

The Office of Livability, the Office of Intermodalism, and the Metropolitan Mobility and Access Program have a common mission of promoting livability in the nation's metropolitan areas as well as ensuring the sustainability of the nation's transportation modes.<sup>33</sup> Sharing this mission, these new initiatives certainly have the potential to reform the way metropolitan areas work if they are sufficiently funded.

The initial draft of the Act also includes some useful language on metropolitan planning (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 1508 (a); 1508 (e); 1508 (s)(2)(c) (2009)). The draft bill proposes to increase coordination among land use, housing, and transportation and to enhance surface transportation intermodality. It also expands the scope of metropolitan planning process to include housing and land use planning. The draft bill additionally requires that MPOs in large metro areas should at a

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<sup>31</sup> The bill equips the Office of Livability with the authority to collaborate “with other executive branch agencies, including the Department of Housing and Urban Development, the Environmental Protection Agency, the Department of the Interior, and the Centers for Disease Control and Prevention” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 331 (e)(2) (2009)). The bill also creates a new Undersecretary of Transportation for Intermodalism and institutes an Office of Intermodalism to be run by this new Undersecretary (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 1201 and 5503 (2009)). It authorizes the Undersecretary to “carry out strategies and actions under the Department’s statutory authority to reduce energy usage and green house gas emissions related to the nation’s intermodal transportation system” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 5503 (c)(3)(C) (2009)).

<sup>32</sup> The metropolitan mobility plans are required to include an assessment of the congestion, mobility, access, and livability challenges facing the surface transportation systems of metro areas (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 701 (h)(2)(B) (2009)). They are also required to include an analysis of the beneficial impacts of the plan on the metro, “including energy and environmental benefits, economic development benefits, reductions in transportation costs, and benefits resulting from land use policies and future growth patterns” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 701 (h)(2)(F) (2009)).

<sup>33</sup> The goal of the Office of Livability is “to provide leadership and support for policies and decision-making at all levels of government that increase modal choice and enhance livability and sustainable modes of transportation” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 331 (b) (2009)). The Office of Intermodalism, on the other hand, is established “to encourage and promote development of a national intermodal transportation system in the United States that is economically efficient and environmentally sound, provides the foundation for the United States to compete in the global economy, and moves individuals and property in an energy efficient manner” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 5503 (a) (2009)). The purpose of the Metropolitan Mobility and Access Program is “to provide multi-modal transportation funding and financing authority directly to metropolitan planning organizations, thereby allowing MPOs broad multi-modal flexibility in planning and implementing programs of surface transportation projects to reduce vehicular congestion, to maximize mobility and access of people and goods, and to improve safety, environmental sustainability, and livability in large urbanized areas” (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 701 (b) (2009)).

minimum assess the housing stock for all income levels, land use patterns, impact on valuable natural resources and air quality in addition to reductions in greenhouse emissions and increases in water and energy conservation.

Many in the transportation field applaud the draft bill for its ambitious restructuring of federal transportation policy. However, as some transportation advocates were quick to point out, the draft bill still has room for improvement. The Act should be amended to address the following shortcomings:

The STAA does not require any formal coordination between transportation, housing, and land use planning despite its strong language on expanding the scope of metropolitan planning and strengthening the planning powers of MPOs. It not only fails to provide substantial incentives to coordinate these policies but also falls short of specifying incentives to help meet the extensive metropolitan planning requirements included in the bill (Davis 2009). The draft bill does not offer any financial incentives to create affordable housing and development near transit stops either. The Act should be amended to formally require the coordination of transportation, housing and land use planning functions of MPOs. Specific incentives such as additional funds or expedited project delivery should be added to the Act to encourage transportation projects which link affordable housing and development with transit planning.

The STAA should also further strengthen new offices such as the Office of Livability and the Office of Intermodalism as well as new programs such as the Metropolitan Mobility and Access Program. If they are sufficiently funded and empowered, these initiatives certainly have the potential to be levers for regional governance reform. The draft bill, however, raises some concerns about the potential effectiveness of these new offices and programs. For instance, the bill establishes the Office of Livability within the Federal Highway Administration (FHA)—a transportation agency dedicated to one specific mode of transportation (Surface Transportation Authorization Act, HR \_\_, 111<sup>th</sup> Cong. § 331 (b) (2009)). This raises concerns about how effectively the Office can enhance the nation's modal choices when it is institutionally nested in a transportation agency that exclusively focuses on highways. Rather than being isolated in the FHA, this Office needs to be an integral part of how localities qualify for *all* transportation funding (Davis 2009).

Similarly, the Metro Mobility and Access Program has some structural limitations. The Program focuses largely on moving cars on highways, despite the fact that program funds are also eligible for public transit (Davis 2009). While moving cars on highways more effectively is certainly one way of dealing with congestion and air quality, it is not a comprehensive answer. Any long-term response to congestion and air quality has to focus on better aligning land use and transportation demand in order to improve transportation access for all residents, not just drivers, in metropolitan areas. The Act should also be amended to refocus the Metro Mobility and Access Program on maximizing mobility and transportation choices for all kinds of metropolitan residents, including the low-income, disabled, and senior residents. This would be essential for ensuring transportation equity

and equal access to opportunity as well as for overcoming the harmful effects of racial and economic segregation in the nation's metropolitan areas.

The fact that the proposed bill does not do much to address transportation equity is another shortcoming. The draft bill simply consolidates severely underfunded transportation programs for low-income, disabled, and senior residents with hardly any details on improving the effectiveness of the consolidated programs or on how to provide new funding for these programs (Davis 2009). As transportation advocates urge, "making sure that all Americans have safe access to affordable transportation choices should be an overarching priority of the bill" (Davis 2009).

Transportation equity, however, cannot simply be limited to promoting public transit. If transportation policy can contribute to the hollowing out of regions' urban and inner suburban cores, it can also play a significant role in strengthening these areas. In fact, transportation equity must include active efforts to deconcentrate poverty within metros to promote truly equitable and sustainable growth. Transportation access from poor and racially isolated neighborhoods to more affluent, employment-rich communities is not sufficient to improve the life chances of children attending low-performing schools and living in neighborhoods that are often associated with poor health outcomes (Poverty and Race Research Action Council March 10, 2009). Fair share housing policies that ensure a more equal distribution of affordable housing across metropolitan areas should have as high a priority as other policy goals such as smart growth and climate change in federal transportation policy.

In conclusion, metropolitan governance is clearly in need of reform. Political fragmentation is harming the nation's metropolitan areas by stunting metropolitan growth and by contributing to increasing sprawl and congestion, to growing racial and economic segregation, and to deepening disparities in the quality of local services. The current crisis and the federal stimulus package has created many opportunities for metropolitan reform—opportunities which will not be around for long. The time is also politically ripe for metropolitan reform. New policy initiatives like the Sustainable Communities Initiative, the Livable Communities Act, and the Surface Transportation Authorization Act can be viable instruments for metropolitan governance reform. Comprehensive reform of MPOs through these vehicles provides the best path to reforming metropolitan governance. For MPOs to be engines of fair and sustainable growth, they need to be more democratic, accountable and powerful.

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