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**Abstract:** The article examines the impact of the third wave of attempts to achieve regional governance in the U.S. The first wave focused on reinforcing the hegemony of central cities while the second wave's emphasis is the preservation of central cities. A set of capacity and demand factors emerged in the third wave which are offering new possibilities for achieving governance and providing increased justification for regionalism. Thinking in terms of metropolitan cooperation is cited as an important factor in promoting the development of partnerships.

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## **THE THIRD WAVE: CURRENT TRENDS IN REGIONAL GOVERNANCE**

The past emphasis on structural regionalism, rendered infeasible by political considerations, has given way to a third wave, characterized by cross-sectoral alliances. Sustained by rich networks of affiliations among public, private and nonprofit sector organizations, this new approach to regionalism is being acknowledged and nurtured by several state and federal initiatives.

Attempts to achieve regional governance have been concentrated in three distinct but overlapping waves. The first wave consisted largely of reform efforts focusing on structural arrangements aimed at reinforcing the hegemony of central cities. A second wave emerged, overtaking the first, as the dominance of central cities gave way to a polycentric constellation of robust suburbs. In this wave the goal of regionalism shifted from enhancing central cities to preserving them, while concern over formal restructuring was replaced by an emphasis

on process with the objective of coordination. Whereas the first wave relied on the political power of central cities over suburbs and the singular economic significance of large central cities to their state's economy, the politics of the second wave were played out through the system of federalism, specifically in the form of top-down mandates.

But all of the efforts of the second wave to will regionalism into existence could not reverse the declining fortunes of cities and force a marriage in which suburbs saw no advantage. By the early 1980s, even its advocates seemed willing to concede that regional governance was a moribund cause. But today that perception is being reversed. From Atlanta to Seattle and Houston to Albany, serious investigations and experiments designed to strengthen regionalism are on the rise. Expectations that central cities were destined to wither away have been replaced by a new appreciation of the complex complementarity between central-city and suburban economies.

Political conditions suggesting strong regionalism was infeasible have been replaced by new realities fueling the third wave. These realities consist of a set of capacity factors offering new possibilities for achieving governance and a set of demand factors providing increased justification for regionalism.

Capacity factors. New capacities for governance have emerged in at least three areas: 1) significantly increased and direct involvement of the private and nonprofit sectors on a regional scale; 2) a new type of elected leadership that is more willing to negotiate and partner in efforts to build a metropolitan community; and 3) increasing use of facilitated decision-making processes to help establish shared visions, resolve conflicts and develop consensus regarding regional interests.

With respect to the involvement of the private or for-profit sector, during the 1970s public-private partnerships became an important alternative approach to central-city and especially downtown revitalization. Under the Carter administration Urban Development Action Grants (UDAGs) were awarded to promote cross-sectoral partnerships. Attempts to establish a metrowide vision with strong sponsorship from the private sector also became more common in the 1970s following the lead of Goals for Dallas, initiated after the assassination of President Kennedy. These types of partnership activities have broadened in scope and assumed more of a metropolitan scale from the 1980s to the present. In general, the private sector in many regions has reorganized, moving out of the smoke-filled back rooms where mayors were once selected, to the sponsorship of highly visible organizations designed to plan and promote regional economic development.

During this same period the number of government partnerships with nonprofits grew significantly, especially in the area of human service delivery. With regard to social problems emerging during the 1980s--such as the precipitous rise in homelessness and emergence of the AIDS epidemic--nonprofits were heavily relied upon to formulate early responses and ultimately partner with the public sector in providing more structured programs. And in areas where federal support was significantly reduced during the 1980s--such as community development--local governments have turned to nonprofits to help fill the gap.<sup>1</sup> Of equal significance, such partnerships have provided a more legitimate and effective way for government to invest in community redevelopment.

An important factor in promoting the development of partnerships is a new willingness on the part of big-city mayors to think in terms of

metropolitan cooperation, notably in the expansion of airport and port facilities, and joint ventures.<sup>2</sup> This shift in leadership style has been coupled with an enhanced capacity among city administrations to deal with the complexities of joint ventures, often through the creation of urban development authorities.

The character of gubernatorial leadership has also changed, with greater emphasis displayed in the areas of entrepreneurship and facilitation. For example, Governor Keane of New Jersey established a regionally based growth-management process involving negotiated inter-local agreements (cross acceptance). Bruce Babbitt, while Governor of Arizona, established a ground water management system fostering a regulated market for agricultural and urban water users in rapidly developing central Arizona, which includes the Phoenix metro area.

Finally, new capacity for regional governance has emerged through the application of facilitated decision-making processes. Negotiation has become more commonplace in attempts to reduce gridlock and red tape. Strategic planning and visioning have replaced traditional master planning as methods for building consensus and mobilizing resources on a regional basis. Improved data analysis also has served to support decision making and efforts to improve coordination.

Capacity and characteristics of governance. While attempts to achieve regional governance during the first two waves focused primarily on relations among units and levels of government, the new capacities for governance described above have spawned a third wave of efforts, which are distinguished by at least five characteristics:

- \* Governance vs. Government. Advocates of regionalism today tend to speak in terms of governance rather than government. The change in terminology reflects a shift in focus from formal structural arrangements to informal structures and processes for setting policy and mobilizing action.<sup>3</sup> In part, de-emphasizing government recognizes that the public opposes reforms that would effectively create a new layer of government.

- \* Cross-Sectoral vs. Uni-Sectoral. Responsibility for achieving effective regionalism no longer is viewed as primarily falling to the public sector. As the change in terminology from government to governance implies, it is an effort requiring the active involvement of the for-profit and nonprofit sectors, frequently working together with the public sector. Each sector has unique capacities and specific areas of legitimacy. Cross-sectoral arrangements make it possible to combine these in ways that allow for a far more effective mobilization of effort.

- \* Collaboration vs. Coordination. A major objective of regionalism in the past was improved coordination of public sector planning and action. Today, the cross-sectoral character of regional governance stresses collaboration over coordination. The objective is not simply to know what others are doing, but to develop arrangements that mobilize the unique capacities and legitimacy of each sector working together to accomplish specific tasks of regional scope.

- \* Process vs. Structure. The importance of collaboration places new emphasis on process over formal structural arrangements. While process in the past has served the objectives of data analysis and planning, the processes employed today focus on developing a regional

vision and goals, formation of consensus among critical stakeholders, and ultimately, mobilization of resources to meet objectives.

\* Networks vs. Formal Structures. The increased emphasis placed on collaboration and process is also indicative of the fact that regionalism today operates through network-like organizations as opposed to formal structures. Organizations in a network at any one time reflect the specific task or project being undertaken. Nevertheless, such networks tend to have a stable core of stakeholders who share significant interest in specific strategic arenas.

Demand factors and regional alliances. Increasing governance capacity in itself does not give rise to regionalism. Rather, the motivation for change comes from a set of demand factors which are fundamentally restructuring life in metropolitan areas. The factors--discussed in the first article in this series ["Evolving Structures and Challenges of Regional Governance," NATIONAL CIVIC REVIEW, Winter-Spring 1994, pp. 40-53]--fall into three strategic arenas: 1) economic development, specifically within the context of global economic competitiveness; 2) allocative concerns related to service delivery, infrastructure development and now, most urgently, environmental protection; and 3) redistributive issues, particularly as aggravated by municipal fiscal disparities.

To varying degrees these demand factors were present in the first two waves of regionalism, but approached in fundamentally different ways. Where the first wave attempted to address all three areas simultaneously by calling for the expansion of general government on a regional scale, during the second wave there were concerted efforts to coordinate policies roughly in terms of each of the strategic areas described here. Moreover, requirements for public participation introduced at that time attempted to bring a broader range of interest groups into the governance process. Although these attempts fell far short of their objectives, they provided an important foundation for current efforts.

In the third wave attempts to achieve regional governance are being led largely by cross-sectoral coalitions or alliances whose interests tend to fall largely within a specific strategic arena. Private corporations, for example, are primarily concerned with economic development, but their interest clearly spills over into concerns over infrastructure, affordable housing, public education and issues in other arenas. Likewise, nonprofits engaged in human service delivery advocacy tend to focus on social equity. Government operates in all three arenas, but particular agencies tend to concentrate on specific ones.

By forming an alliance, participating interest groups acquire a scope of influence, range of expertise and legitimacy that they would lack on their own. At the same time they must be willing to share power and resources. Consequently, what ultimately holds an alliance together is perceived mutual interest.<sup>4</sup>

Although alliances often form to address a single project or need (e.g., rallying support for a new convention center), there is often a good deal of stability in relationships among participants. Consequently, over a course of decades an alliance may create several different structures to meet specific needs or changing conditions, but with the same core of key participants involved in each.

## **EXAMPLES OF REGIONALISM IN THE THIRD WAVE**

With these general characteristics in mind it is useful to briefly consider several examples of regionalism under the third wave. These examples are first discussed in terms of the strategic arenas in which they arise, and then in terms of the metropolitan areas where such activities appear to be most concentrated.

Economic development. Competitiveness in a global economy is a major motivation behind the development and revitalization of many regional alliances. Some of these alliances are expansions, in both territory and mission, of traditional chambers (e.g., Seattle, Detroit, Hartford). Several, however, are independently organized associations (Cleveland, Houston, Orlando, Philadelphia, Pittsburgh). All have agendas requiring involvement with the public sector, but only some include public sector members. Although their focus is essentially business-oriented, this interest is often broadly defined to include involvement in planning and developing major infrastructure improvements (e.g., ports and airports), work force preparedness, and the efficiency of local government operations.

It is typical for these alliances to engage in strategic planning with an emphasis on market opportunities for their region. But the way they pursue identified objectives often is quite different. Some organizations feel that it is both appropriate and necessary to try to influence public policy (e.g., municipal fiscal practices, school reform, etc.), whereas others choose to focus on specific projects with clear but narrow economic development impacts (e.g., ball parks, convention centers).

It is not surprising that some of the strongest economic development partnerships have emerged in regions which suffered early and significant economic restructuring challenges, notably the northeast and industrial midwest. But these partnerships also have developed more recently in sunbelt regions with the objective of increasing economic competitiveness. Moreover, with the decline of military procurements, sunbelt regions that benefited significantly from the Reagan build-up have shown increased interest in public-private alliances that can help achieve diversification of their exogenous economies. The Allegheny Alliance, Cleveland Tomorrow and Greater Philadelphia First exemplify strong partnerships emerging from longstanding challenges of industrial restructuring. The Houston Partnership and Seattle's Trade and Development Alliance are characteristic of efforts in the sunbelt.

\* Allegheny Conference on Community Development (ACCD). Established in 1943 by industrialist Richard King Mellon, the focus of ACCD for several decades was economic development supporting the region's industrial base. Although designed to function as a public-private partnership, ACCD initially was dominated by the private sector.<sup>5</sup>

The rapid decline of steel manufacturing in the region from the 1970s into the 1980s redirected ACCD's interests toward development of a new economic base anchored in high technology. As part of this shift nonprofit institutions, especially the region's major research universities, have become important partners. In 1985 ACCD help secure state funding to implement Strategy 21, an economic plan for bringing the region into the 21st century.

Another recent ACCD effort is a collaboration with the Allegheny County Private Industry Council (PIC) supporting a regional jobs training strategy designed to improve coordination among area job programs, communication and improved efficiency in the use of federal funds. ACCD also has worked with the Community College of Allegheny County in establishing a "Customized Job Training Program." Finally,

ACCD created the Pittsburgh Seed Fund, a nonprofit agency designed to leverage investments in small, start-up companies by providing them with seed funding.

\* Cleveland Tomorrow. Founded in 1982, Cleveland Tomorrow (CT) is a nonprofit association whose membership consists of about 50 of the region's largest corporations. CT provides a forum in which corporate leaders can view the region's economic climate and propose initiatives to improve it. CT has produced three strategic plans based on detailed economic analysis.

While CT initially concerned itself with broad policy areas affecting the region's business climate, its efforts currently are directed toward specific projects which it believes will have strategic impact (e.g., the Gateway Stadium/ Arena, Playhouse Square, and the Rock and Roll Hall of Fame). However, CT partners with other regional organizations which are more exclusively focused on public policy and civic issues (e.g., the Cleveland Round Table, which provides a forum to address inter-racial and ethnic tension; Build-Up Greater Cleveland, which engages in infrastructure planning and prioritization).

It is important to note that the establishment of CT was aided significantly by the decision of the George Gund Foundation to support a \$600,000 study of Cleveland's regional economy by McKinsey and Company. Gund subsequently contributed \$200,000 to help establish CT. Economic analysis of the region's economy has also benefited from an initiative by the region's other major foundation, the Cleveland Foundation, which sponsored a study by RAND. That analysis led to establishment of the Regional Economic Issues Program, now housed at Case Western University.<sup>6</sup>

\* Greater Philadelphia First. Greater Philadelphia First (GPF), established in the early 1980s, is an association of about 30 corporate CEOs organized to advance the interests of both business and the broader region. Each member firm contributes at least \$50,000 to the organization's support. GPF grew out of an early effort--the Greater Philadelphia Movement, established in 1949--which became dormant by the early 1960s.

Through GPF, individual board members take on leadership roles where their guidance can make a difference to the region's economy and quality of life. GPF has a number of standing committees addressing major regional issues such as government and public policy, economic development, and public education and employment opportunities.

In pursuing specific initiatives, GPF works with and through a number of affiliates including the Greater Philadelphia Economic Coalition, the Greater Philadelphia International Network, PhilaPride, and the Committee to Support the Philadelphia Public Schools. A major GPF initiative which has recently come to fruition is the new downtown convention center.

\* Greater Houston Partnership. The Partnership evolved in 1989 out of the Houston Economic Development Council (HEDC), which was established by the Houston Chamber of Commerce five years earlier. Where HEDC focused on attracting new corporations that could diversify the region's economic base, the Partnership has adopted a broader mission to "promote, support and improve the economic activity, business climate, job creation, and quality of life throughout the seven-county Houston region."

The work of the Partnership is carried out by four principal members: the Houston World Trade Association, which provides services and networking for international business development; the chamber of commerce, devoted to the development of regional systems; HEDC which now specializes in target markets, sales and business development; and the Partnership Shared Services, which conducts research supporting the work of the other three partners.<sup>7</sup>

The Partnership has more than 4,000 member companies. It is essentially a private sector coalition whose relationship with the public sector consists of contracts. It also lobbies actively for state legislative support of projects it deems important to the region's economy.

Although the Partnership engages in strategic planning, it tries to focus on specific projects. In world trade, for example, the Partnership secured establishment of a satellite of the U.S. Export-Import Bank, through which it helps to arrange loans to local companies for export finance. Through this division, the Partnership conducts export seminars and hosts trade delegations to the city.

\* Trade Development Alliance of Greater Seattle. Established in 1991, the Trade Development Alliance is a collaboration of the Port of Seattle, King County, the City of Seattle, the Greater Seattle Chamber of Commerce, and organized labor. The Alliance's membership includes over 160 companies.

The mission of the Alliance is to promote Greater Seattle as one of North America's premier international gateways and commercial centers. Toward this end, the Alliance has developed a promotional plan to enhance the identity of the Puget Sound region in targeted world markets. It is also working to develop export trade business for agricultural producers in rural eastern Washington.

It is perhaps telling that some of the Alliance's early activities were organizing visits to Europe for metro area delegations. The former director of the Port of Seattle was from Rotterdam. His experience there impressed Puget Sound leaders with the importance of developing stronger public-private partnerships around trade issues. Gary Severson, chair of the Alliance, observes that "global competition and the growing importance of the metropolitan economy are rendering the old adversarial styles ineffective and obsolete.... The Trade Development Alliance is grounded in the notion that it is time to cooperate rather than compete for scarce local resources."<sup>8</sup>

Between August and December of 1993 the Alliance conducted a Regional Economic Strategy Project. The project analyzed strategic economic opportunities, identified strategies, evaluated institutional capacity to carry out strategies, and then developed an implementation plan.

\* The Economic Development Equity Fund (EDGE). Dayton, Ohio has weathered major economic restructuring. Once the automotive tire capitol of the world, no such manufacturing occurs there today. Nevertheless, some communities in the region of Montgomery County are faring better than others in making the transition.

In 1991, Montgomery County established a voluntary revenue-sharing program designed to assist communities in maintaining and improving their economic health? Funds from the program can be used to expand and establish commercial, industrial and research

facilities, and create and preserve job and employment opportunities. Within such developments, EDGE funds are employed significantly to support development of infrastructure improvements necessary to implement projects. Up to ten percent of the funds are available annually for special projects, such as conducting research and designing strategies to take advantage of evolving economic opportunities.

The equity fund is derived from a share of increased property and tax revenues generated by economic development among participating communities of the county. The fund specifically targets cooperative economic development efforts among local communities. At the time the fund was established it was expected to generate \$5 million annually, for a total of \$50 million over its authorized life.

Although all of the efforts introduced above are local initiatives, there have been some important federal and state programs addressing economic development on a regional scale. The Job Training Partnership Act of 1982 (JTPA) is designed to support regionally-based public-private partnerships for job training. Only a few states have attempted to tie JTPA to a broader, coordinated agenda of regional economic development.

Oregon, for example, has combined JTPA with its benchmarks agenda, established in 1991. The agenda sets measurable standards for evaluating state progress toward achieving defined objectives. As part of this effort the legislature created the Work Force Quality Council and assigned it the task of coordinating job-training and placement programs. The council successfully recommended that the state's existing JTPA councils be replaced by State Job Training Coordinating Committees. Each region has a work force committee responsible for preparing annual strategic plans for achieving benchmark objectives. They also establish service-delivery agreements designed to coordinate employment, job-training, education, and job-placement services.

Other states with strong growth-management programs--notably Washington and Georgia--have incorporated economic development objectives into that program. As a result, the potential exists for reinforcing both regional governance capacity and effectiveness.

Infrastructure, services and environment. Construction of new infrastructure, provision of such services as garbage collection and law enforcement, and environmental protection are widely viewed as government responsibilities. The ability of government to meet demands in these areas increasingly has fallen prey to gridlock generated by multiple and often conflicting interests: communities that see new infrastructure as LULUs (locally undesirable land-uses); environmentalists who fear further degradation of air, water and wetlands; and social equity advocates who feel that the poor get a disproportionate share of landfills and power plants.

Local governments also produce gridlock by fighting against each other for limited funds. Rather than advancing shared priorities, individual jurisdictions build fragmented, uncoordinated or duplicative systems. Failure of local governments to agree on a single system or plan results in situations where highway capacity abruptly changes at county lines or transit systems end in the middle of commuter sheds. Being able to move beyond gridlock and toward creation of integrated and appropriate systems is an ever more pressing challenge for regional governance.

This challenge is especially urgent in high-growth regions where there is strong demand for new infrastructure and service capacity at the



urban fringe, but where public sentiment also supports strong limits on public spending and/or effective measures for environmental protection. Placing stiff exactions on new development has provided some resources for local communities, but these are increasingly and successfully being challenged in court. Declining central cities are caught in a similar bind between growing demand and diminishing resources. They must restore crumbling infrastructure with a faltering tax base. In both declining and growing regions new federal mandates for clean air and water place even greater fiscal demands on system maintenance and development.

During the 1970s and 1980s the challenge of meeting demands in this strategic arena motivated development of thousands of interlocal agreements.<sup>10</sup> These succeeded in realizing some coordination and increased efficiency, but had little if any effect in achieving the degree of coordination in land-use development necessary to assure adequate and efficient infrastructure development and service delivery.

Although the belief that new growth will eventually pay its way has been largely discredited today, the idea that regional cooperation is essential to preserving and enhancing the quality of life continues to be a tough sell. Nevertheless, there are several notable developments in regional governance in this arena. Some regions--such as Cleveland and Philadelphia--have organized alliances designed to coordinate infrastructure and/or service planning, and to lobby for their funding support. Some states--notably Florida, New Jersey and Washington--have tied new land development to regional planning that requires demonstration of the capacity to provide supporting infrastructure and services. The federal government, as well as the State of California, have established new programs requiring closer linkage between transportation planning and attainment of clean air objectives. Some of these efforts are briefly described here:

\* Build-Up Greater Cleveland. Cleveland, like most major cities, has suffered from crumbling, aged infrastructure. In 1981 the Growth Association (chamber of commerce) conducted a survey of members asking how they thought the region's economic competitiveness could be improved. Their priority response was improving the area's infrastructure. The Association approached the region's major foundations, which indicated willingness to help establish a Community Capital Investment Strategy--later renamed Build-Up Greater Cleveland--if local governments would agree to cooperate by coordinating their efforts and providing support for half of any administrative costs.

The city and county were quick to acknowledge their competition for state money and federal funds allocated by the state. It made more political sense to approach state agencies and the legislature with a set of regionally prioritized projects. The objective of Build-Up Greater Cleveland is to convene a forum in which local government, along with corporate and other community interests, can analyze, prioritize and lobby for infrastructure improvements. The result has been effective leveraging of local funds to secure more state and federal funding.

\* SEPTA, Philadelphia. Government subsidies for mass transit are essential in making multi-modal commuting viable. But declining federal funds for mass transit beginning in the early 1980s left many regions scrambling to provide support for their operating agencies. Mass transit not only assists in maintaining the economic competitiveness of central cities--where automobile commuting times can be a locational disincentive--but provides a basis for reverse commuting that can help provide inner-city residents with access to suburban jobs.

For years the transportation funding priorities of Philadelphia and its suburbs were at odds. As such, state legislators found it easy to

ignore budget requests for the Southeast Pennsylvania Transportation Authority (SEPTA), the region's mass transit agency. In the late 1980s the region's local governments--so often at odds--began to achieve consensus regarding the importance of supporting mass transit. They effectively lobbied the Pennsylvania General Assembly, which passed legislation in 1991 providing a predictable source of funding for all 37 of the Commonwealth's mass transit agencies.

\* Metropolitan planning organizations and ISTEA/CAA. The type of regionally based prioritization of infrastructure development evident in Build-Up Greater Cleveland and the SEPTA lobbying effort may be stimulated elsewhere by the passage of the Intermodal Surface Transportation and Efficiency Act of 1991 (ISTEA). Whereas prioritization of transportation project funding had previously been controlled by states through their departments of transportation (DOTs), under ISTEA, regionally based metropolitan planning organizations (MPOs) now have greater authority.<sup>11</sup> This includes new opportunities to move funds between modes, for example, from highways to transit.

One of the central factors that will drive MPO prioritization decisions are requirements of the Clean Air Act of 1990 (CAA) requiring metropolitan areas that fail to attain federal air standards to employ measures bringing themselves into compliance. Such measures include mandates that companies with over 100 employees establish programs reducing the amount of single-passenger work commuting. In addition, no federal money can be used for highway improvements that further deteriorate air quality. Moreover, federal transportation funds may be withheld from non-attainment regions, and even the entire state in which regions continue to be non-attaining.

Some MPOs seem well positioned to use ISTEA/CAA requirements to enhance their capacity to achieve more effective infrastructure planning. For example, the Southern California Association of Governments (SCAG) has reorganized its vast region into 18 sub-regions, each engaged in planning efforts to address both transportation and land-use issues. Restructuring into sub-regions allows for greater participation and presumably stronger citizen support for the resulting plan. SCAG's efforts also benefit from California laws imposing high air-quality standards, while providing special funds to engage in congestion-mitigation planning.

New Jersey has established transportation development districts (TDDs) in areas currently experiencing or anticipating significant traffic congestion. The state's DOT can establish voluntary TDDs comprising all municipalities and counties in the district as well as the DOT. The TDD develops a transportation-improvement plan, establishing goals and priorities. The plan provides for the assessment of a special fee (exaction) on any new development placing an additional burden on the transportation system.

The SCAG and TDD examples suggest that the potential of ISTEA/CAA to stimulate regional governance is enhanced by state requirements that provide for a more direct connection between transportation planning, air quality and land-use planning. Without a specific requirement to coordinate land-use planning, ISTEA/CAA requirements are likely to prove difficult to achieve and may have only minor effects on stimulating genuine regional governance.

\* Regionally-based state growth management. Coordination between land-use and transportation planning is a direct and significant objective of growth-management programs established in Florida, New Jersey and Washington State. In Florida, a 1985 omnibus growth-management act requires local governments to demonstrate that they have existing infrastructure capacity capable of supporting the level

of new development that they approve. This so-called "concurrency" requirement is being used to encourage more compact development and improve coordination of transportation and land use on a regional basis. Special scrutiny is given to large-scale developments with regional impacts (DRIs). The state can withhold a variety of revenue-sharing funds from communities failing to meet concurrency requirements.

New Jersey passed a state planning act in 1986. Unlike Florida's approach, which has often been regarded as top-down because it mandates local conformance with state planning goals, the approach in New Jersey is to structure growth management from the local level up. Counties and their municipalities must work out compatible plans that advance certain state objectives. Key among these are: 1) to capitalize on existing infrastructure while preserving open space by directing new development to areas which already are urban or urbanizing; and 2) to achieve fair-share housing objectives by assuring the equitable provision of affordable housing throughout metropolitan regions. New Jersey's bottom-up approach to growth management is based on a "cross-acceptance" process that encourages the local governments of a region to negotiate solutions to incompatibilities among their plans.

Washington State passed growth-management legislation in 1990. As in the case of Florida and New Jersey, improving efficiency in infrastructure development and environmental protection were important factors motivating passage of the law. The law has concurrency requirements similar to Florida's, but dealing only with transportation infrastructure. In addition, it requires that urban growth areas (UGAs) be established on a metropolitan basis (e.g., the Puget Sound region). Urban services are not provided to development outside of the UGA. Significantly, growth management in Washington provides for dispute resolution, especially around issues concerning where boundaries of the UGA are set.

In all of the states cited here there have been attempts to create a capacity for resolving intergovernmental disputes arising over growth management through the use of mediation. Florida has moved gradually but significantly in this direction, New Jersey makes the approach part of plan development and Washington State embraces mediation as part of an ongoing growth-management system. These states also have included significant provisions for public participation in plan development and oversight during implementation.<sup>12</sup>

\* Metropolitan Council of the Twin Cities. Several bills were introduced during the 1993-1994 session of the Minnesota legislature designed to change the governance and scope of responsibilities of the metropolitan council (Met). Whereas the council was previously charged with waste water permitting and planning, as well as review of large-scale projects of regional impact, under new legislation it absorbs operating responsibilities for regional transit, transportation and waste water services. These functions significantly increase the responsibilities, and potentially the capacity, of Met to help coordinate regional development.

A criticism of the previous council was that it had weak leadership which failed to fully employ the powers available to it. A bill introduced by Representative Myron Orfield that would have established direct election of council commissioners was defeated by one vote. Instead, the appointment of commissioners was changed to make them more directly accountable to the governor, at whose pleasure they serve.

Another bill which passed the legislature but was vetoed by Governor Carlson would have given Met responsibility for establishing a

comprehensive housing choice allotment system through which cities and towns in the metropolitan region would be required to meet quotas for supplying their fair share of the region's affordable housing demand. Met would have authority to impose penalties on localities failing to meet their housing mandate. In place of this stronger measure the governor was willing to sign a bill requiring Met to study housing rehabilitation and redevelopment costs and benefits.

By the end of the session, Met's responsibilities were enhanced in the area of infrastructure development but not in areas concerning social equity, notably housing. The degree to which Met will be willing to act stridently in shaping regional development through infrastructure planning depends significantly on the quality of appointments made by the governor rather than by direct vote of the citizens. Nevertheless, Met remains one of the strongest regional authorities in the United States.

Social equity and fiscal disparity. Since the late 1960s, cities have relied increasingly on the federal, and later the state governments, to solve problems arising from social inequities and fiscal disparities. Now that both levels of government are faced with reduced resources -- if not staggering deficits -- the burden of redistribution falls increasingly to local governments making-up the metropolitan community. If it is true that the economic prosperity of the suburbs is linked to the health of their central cities, then finding ways to share redistributive burdens on a fair-share basis is essential to the well-being of all.

Part of the burden to be distributed consists of assuring that suburban municipalities provide their fair share of the region's demand for affordable housing. Another consists of organizing regional transportation so that inner-city households have access to suburban jobs. Burden sharing also consists of coordinating responses to such crises as homelessness and the growth in AIDS cases, so that the limited resources available to address such problems can be employed more efficiently.

Clearly these challenges do not fall to the public sector alone. Nonprofits play a major role in the delivery of human services and they too must learn to organize regionally. Business can also help develop a regional response, especially in such areas of direct concern as the supply of affordable housing and transportation for the work force.

\* The Atlanta Project. The Atlanta Project (TAP) was initiated in November of 1991 by former President Jimmy Carter.<sup>13</sup> TAP's goal is to reduce social problems associated with poverty, including teen pregnancy, childhood immunization, school dropout rates, and crime and violence.

TAP is organized into 20 clusters, most of which are centered around and operate within high schools. These clusters cover much of the City of Atlanta and spread into adjacent areas of three counties. Each cluster has a local coordinator and stakeholder steering committee which are responsible for planning and implementing cluster-specific projects. The work of clusters is supported by a Collaboration Center which offers sophisticated computer-aided technical assistance, as well as assistance in fund raising and communications. Support is also offered to clusters through a Resource Center, consisting of a core group providing expert assistance as well as leadership to TAP-wide initiatives.

Funding for TAP has come primarily from industry and foundations. But the program also is concerned with mobilizing and coordinating existing public programs. Toward this end, President Carter conceived of the project as providing a means of cutting through bureaucratic red tape in order to mobilize public resources more effectively.

\* Federation for Community Planning, Cleveland. Established in 1914 as an arm of Cleveland's United Way, since 1960 the Federation has served as an independent regional forum for analyzing human service needs and mobilizing public and private resources to address unmet demands. It operates on an endowment large enough to generate several million dollars of income annually.

The Federation conducts an annual health and human services institute, attracting as many as 2,000 volunteers who break into workshops to analyze specific problems and design responses. For example, when the issue of homelessness emerged, a Federation task force developed a multi-front approach which resulted in establishment of an affordable housing trust fund supported by contributions from state and local governments. The Federation also facilitated establishment of a coalition of city, county and some suburban municipalities which developed a coordinated approach to providing emergency shelter for the homeless in the region.

\* Regional Fair Housing Compact Pilot Program, Connecticut. In 1988, the Connecticut legislature passed an innovative bill creating a pilot program to develop voluntary, regional fair-share housing compacts.<sup>14</sup> The need for affordable housing was to be balanced against environmental, economic, transportation, and infrastructure constraints. The legislation requires that each compact be developed by consensus and enjoy the unanimous support of the negotiating committee. Once consensus exists on the committee, the compact must be ratified by the governing body of each municipality.

Two regions were selected to pilot the program, one of which was the Hartford Capitol Region, which consists of an area of concentrated poverty in the central city surrounded by very affluent suburbs. This effort resulted in the Capitol Region Fair Housing Compact on Affordable Housing, which developed a plan to create between 5,000 and 6,421 local units of affordable housing over five years.

It is important to note that Connecticut has created sticks as well as carrots in its effort to generate affordable housing. The legislature established specific inclusionary zoning requirements, which it subsequently backed up with an appeals procedure that allows developers to challenge denial of a development permit for an affordable housing project in communities that have not met their fair-share obligation. Other states also have inclusionary or "anti-snob" zoning requirements.

\* East Suburban Council for Open Communities, Cuyahoga County, Ohio. Out-migration patterns of central-city residents usually result in older suburbs adjacent to central-city black neighborhoods becoming increasingly black and segregated. In Cleveland the pattern of out-migration has been eastward, and by the early 1980s two of the city's inner-ring suburbs had changed from predominantly white to more than 80 percent black. The racial shift has resulted in declining home prices and a weakened tax base.

Over 25 years ago, the inner-ring suburb of Shaker Heights initiated a program--with help from a local foundation and through its own housing office--to try to curb "tipping," whereby a community's racial composition is reversed. The city's objective was to maintain racial

balance by offering low-interest mortgages to both black and white families in order to maintain racial balance in Shaker Heights neighborhoods threatened by tipping.<sup>15</sup>

In the early 1980s Shaker Heights successfully expanded its program with the inclusion of several additional inner-ring suburbs to the north and east. These local initiatives were organized into the East Suburban Council for Open Communities (ESCOC). In the mid-1980s ESCOC's ability to maintain racial balance was significantly enhanced by an allocation of mortgage money from the Ohio Housing Finance Agency.

ESCOC's integration maintenance program does more than provide mortgage support, it also helps black families moving into predominantly white neighborhoods make a successful transition. This includes diversity training in the elementary schools, and helping families establish networks of support services in their new communities. What is especially impressive about ESCOC is that it is a local initiative. Local leadership, both elected and in the nonprofit community, created and sustained the program, and then marshalled state funds to help expand and sustain the effort. Unfortunately, ESCOC recently lost its state support, and the program's future has become uncertain.

\* Scientific and Cultural Facilities District, Denver. The City and County of Denver operates many of the major cultural and scientific facilities of its region: the zoo, Museum of Natural History, botanical gardens, the Denver Museum of Art, and the Performing Arts Center. For many years these facilities received state operating subsidies in recognition of the fact that they are important statewide assets. In fact, a survey of patrons found that most were residents of the suburbs and other areas of the state.

In 1982 the legislature ended its support, forcing these facilities to charge admission fees. Throughout the 1980s, city support for these institutions also was drastically reduced. In 1988 a referendum was put before the voters of the six-county metropolitan area to support creation of a Scientific and Cultural Facilities District (SCFD), that would levy a one-tenth of one percent sales tax. The referendum passed in all counties, and the tax currently produces \$14 million per year.

Creating the SCFD required cooperation of the major institutions, which had no previous history of working together. It also involved formulating a distribution policy which assures that all of the participating counties receive some funds to support their own arts and scientific facilities.

The model used successfully to establish the SCFD has been replicated more recently with establishment of a baseball stadium district to construct and operate a stadium for the Colorado Rockies expansion team. Again, suburban voters perceived that a Denver-based facility was of regional significance, and they agreed to support it with a special levy.

\* Title I Metropolitan Councils serving persons with AIDS (PWAs). When AIDS first emerged in the U.S. in the late 1970s its occurrence was believed to be rare and essentially confined to the gay male community. Within a few years the spread of infection was having significant impact on public hospitals and support services, making it clear that a systemic response was required.

In 1990 Congress passed the Ryan B. White CARE Act providing significant funds for AIDS prevention and services. Title I of the Act supports programs in metropolitan areas having at least 2,000 PWAs. Under Title I a governor is required to establish a council which makes recommendations on the disbursement of funds. The law specifies that such councils have memberships representative of a cross-section of key interests, including a specific percentage of PWAs. These governing councils also include representatives of the nonprofit sector and local governments in the designated region.

Title I councils conduct an annual needs assessment which often includes evaluation of consumer satisfaction with services received. As a result, councils are able to plan and monitor the utilization of funds on a regional basis. In many metropolitan areas putting together effective councils and developing adequate delivery systems has been a struggle, but overall development of this approach provides an important model for metrowide cooperation in responding to a major human service challenge.

\* Coalitions addressing regional racial issues. Race, especially when combined with class, has been a key factor dividing regions. Practices of racial steering, red-lining, and the discriminatory use of zoning combine to aggravate divisions. Several metropolitan areas have assembled coalitions dedicated to addressing problems of racial tension.

One example is the Greater Philadelphia Urban Affairs Coalition, a nonprofit organization addressing social equity issues in the metro area. The coalition has three primary objectives: to improve the quality of life of the disadvantaged; to bring together diverse elements of the community; and to help strengthen the central city of the region. The coalition places strong emphasis on building community empowerment. It provides administrative support for over 30 affiliated programs covering such areas as AIDS education, homelessness, empowerment training, and public advocacy.

Another example is the Cleveland Round Table. In the early 1980s racial tensions in Cleveland, as in many other cities, produced a powder keg situation ready to ignite into riots. In fact, riots had occurred in the late 1960s. With financial support from some local corporations, the Cleveland Round Table was established to provide a forum in which issues of racial tension could be addressed. What started out as a discussion group later adopted a project orientation, including task forces to improve public education and police relations with minority communities. Although initially city-based, the Round Table also has been broadening its scope to address regional needs. For example, it is participating in development of the Cuyahoga Plan, which addresses fair-share housing objectives throughout the county.

## **REGIONS AND CIVIC INFRASTRUCTURE**

The examples presented here suggest a proliferation of regional organizations, many of them cross-sectoral, designed to address issues of specific strategic significance. As indicated earlier, both capacity and demand factors help to account for the development of these organizational alliances. But even though these factors apply to virtually all metropolitan areas, it is important to observe that certain regions have an overall greater concentration of such efforts while many regions have only limited efforts in narrow areas of strategic interest. But why such uneven development?

One explanation is that regional governance efforts are likely to be concentrated in older declining regions which have had to adjust to

major transformations in their economy (e.g., Cleveland and Pittsburgh). But other cities experiencing equally radical change--such as Detroit and Buffalo evidence considerably less regionally organized economic development activity. The fact that a region faces an economic crisis is not sufficient in itself to produce an effective structure of cooperation.

The age of a region might also be expected to influence its level of collaborative activity, but the previous example suggests this is not a credible explanation. Some older regions have strong capacity while others are relatively weak, and indeed suffer from a long history of inter-local antagonisms. By contrast, some younger regions--such as Seattle and Portland--have developed exemplary regional governance efforts.

Although other factors could be considered, the single most significant one appears to be the presence of a strong regional civic infrastructure.<sup>16</sup> This infrastructure consists of a rich network of organizational affiliations within each sector--public, private and nonprofit--as well as networks crossing sectors. The member organizations of a network not only communicate, they share norms and trust one another.

The civic infrastructure as a whole provides a region with important capacities. First, the ability to perceive threat; to realize, for example, that its economic base is declining. Second, the ability to recognize opportunity; for example, that nonprofit research activity might provide a new economic base. Third, the ability to mobilize resources commanded by each of the sectors in order to advance desired regional objectives. Fragmentation of a region, in this regard, does not focus on the fact that it has too many governments, but that it cannot perceive, think, and act as a whole.

In terms of the organizations composing a network, it is important to note that they often have considerable history and demonstrated capacity in adjusting to change. For example, strong regional business alliances have had to deal with changes such as a transforming economic base and globalization of corporations, often resulting in local corporations being absorbed by an international corporation with headquarters elsewhere. In Cleveland, for example, Standard Oil was taken over by British Petroleum, but BP remains a strong participant in local economic development issues through its membership in such alliances as Cleveland Tomorrow. In the case of Cleveland, continuity of local corporate law firms helps provide institutional memory and a basis of shared norms and trust, even when corporate ownership changes hands.

Many regions have not been as fortunate as Cleveland. They have lost major corporate headquarters and find it difficult to bring key private sector interests into partnerships. But in several cases diminished private sector alliances have been replaced by nonprofit partnerships, notably universities and medical centers. Here the challenge has been to create networks among nonprofits which often have no prior history of acting as an alliance, much less one of regional scope. Again, regions with a tradition of working through partnerships--of engaging their civic infrastructure--seem to be more successful in making the transition.

Another important factor in achieving successful transformation is the presence of large, sophisticated, regionally focused foundations. In Cleveland, the Gund and Cleveland Foundations have been active participants in helping to shape development in their region; likewise for



McKnight and Dayton-Hudson in the Twin Cities. These foundations often help fund the creation and operation of alliances, and they frequently make development of an alliance a requirement for receiving a grant. Regions with younger foundation communities often lack the capacity to play such a catalytic role. But national foundations--such as Ford, Pew and Carnegie--have worked to develop local foundations, by networking them in large projects that include development of civic infrastructure.

## CONCLUSION

In summary, the majority of governance efforts in the third wave rest on a foundation of regional civic infrastructure. Tapping into this capacity is essential to creating effective governance, but it won't be easy, especially in regions which have weak capacity.

The challenge here is analogous to trying to achieve effective community redevelopment in inner-city neighborhoods. Communities with a strong civic infrastructure--comprising local institutions networking with each other, sharing norms, and operating in an environment of mutual trust--are much easier for foundations and government programs to work with than those with a weak or fractured civic tradition.

The third wave has now developed sufficient momentum that an increasing number of state and federal programs, as well as national foundation efforts, have been structured to incorporate the capacity of regional civic infrastructure (e.g., ISTE/CAA, state-wide growth management, Title I of CARE, and others). But for the most part, this capacity has not been adequately recognized, and far too much of the debate over regional governance continues to focus on solutions from the first and second waves. The challenge is to seize the possibilities offered by the most promising developments in the third wave, fashioning them into a more intentional and comprehensive approach to governance.

## Footnotes

1 Lester M. Salamon and A.J. Abramson, *The Federal Budget and the Nonprofit Sector* (Washington, D.C.: Urban Institute Press, 1982).

2 D. Judd and M. Parkinson, eds., "Leadership and Urban Regeneration," *Urban Affairs Annual Review*, Vol. 37 (Newbury Park, Calif.: Russell Sage, 1990).

3 The change in emphasis from government to governance is well expressed by Ostrom, Bish and Ostrom in their *Local Government in the United States* (San Francisco, Calif.: Institute for Contemporary Studies, 1988): "We need to recognize, then, that local government in a democratic society cannot be confined only to what transpires in particular corporate entities or agencies identified as units of government. This is why it may be more useful to refer to "governance structures" than "governments." We can then appreciate that something viewed as a process of government (governance) requires reference to a much larger universe of discourse than do units of government as such." (p. 212)

4 For development of this point, see, J.M. Bryson and R.C. Einsweiler, *Shared Power* (Lanham, Md.: University Press of America, 1991).

5 See, A.M. Sbragia, "Pittsburgh's 'Third Way': The Nonprofit Sector as a Key to Urban Regeneration," in Judd and Parkinson, 1990.

- 6 Diana Tittle, *Rebuilding Cleveland: The Cleveland Foundation and its Evolving Urban Strategy* (Columbus: Ohio State University Press, 1992), pp. 266-267.
- 7 See, Robert E. Parker and Joe R. Feagin, "A Better Business Climate in Houston," in Judd and Parkinson, 1990.
- 8 Address by Gary Severson, chair of the Alliance, to the annual meeting of the National Association of Regional Councils, June 22, 1993, Portland, Oregon.
- 9 In many ways, the fund operates like Minnesota's Fiscal Disparities Act (1974). However, it has a narrower and more specific focus, limited to directing funds to be redistributed for the purpose of stimulating economic development.
- 10 E. Shanahan, "Going It Jointly: Regional Solutions for Local Problems," *Governing*, August 1991, pp. 70-76.
- 11 Metropolitan areas with populations over 50,000 are required to have an MPO.
- 12 For further discussion of state growth management, see, John DeGrove, *Planning and Growth Management in the States* (Cambridge, Mass.: Lincoln Institute of Land Policy, 1993).
- 13 For additional information, see, *Because There is Hope: Gearing Up to Renew Urban America* (Atlanta, Ga.: The Atlanta Project, 1993).
- 14 Based on "Consensus-Based Planning Helps Transcend NIMBYism," by Susan L. Podziba, in *Landlines*, published by the Lincoln Institute of Land Policy. For a richer discussion of this effort, see, Lawrence Susskind and Susan L. Podziba, *Affordable Housing Mediation* (Cambridge, Mass.: Lincoln Institute of Land Policy, 1990).
- 15 In 1988, ESCOC received a Ford Foundation Innovation Award. A case study of the program provides details on its development. See, "'Integration Incentive' in Suburban Cleveland" (Case Program, Kennedy School of Government, Harvard University, case number C16-89-877.0).
- 16 See, Allan D. Wallis, "Governance and the Civic Infrastructure of Metropolitan Regions," *NATIONAL CIVIC REVIEW*, 82:2, Spring 1993, pp. 125-139; Robert D. Putnam, "What Makes Democracy Work?," *NATIONAL CIVIC REVIEW*, 82:2, Spring 1993, pp. 101-107.

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