

# CITIZENS LEAGUE REPORT

## BALANCING THE NEW USE AND RE-USE OF LAND

Why the Metropolitan Council Should (and How It Can)  
Become a Partner with Municipalities in the Development and Re-Development  
of Major Activity Centers within the Twin Cities Urban Region

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January 26, 1976

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## INTRODUCTION

The Twin Cities area has been working now for almost 20 years toward a capacity to bring the development of this region under some overall public-policy direction. It has not been an effort to 'control' development, for--though the term is sometimes used--this is probably impossible in anything like the full sense of the word. The metropolitan area is a huge and complex living thing. While urban geographers and planners are coming to recognize certain regularities and patterns in its behavior, few would argue we have more than begun to understand how it works. And what makes it difficult to understand. . .the fact that its actions are the total of the decisions of some two million individuals, through an intricate web of organizations and institutions. . .makes it impossible to 'administer', centrally. . .even if we had experience at it, which we do not; even if we had great wisdom, which we probably do not; and even if it were a closed system, insulated from developments in the state, nation and world--which it is not.

This perspective is important, as the community approaches a discussion and a decision about the future development of the region. We must not approach this question with the assumption that we can speak with certainty or with precision about what the region will be like in the future--if we take no new public actions. . .or if we do. We can be surest about broad trends, and general direction, and rough magnitudes. These are what we can see most clearly. . . and these are what the region is likely to be able to influence most effectively--especially from the regional level.

Probably this explains why the metropolitan area has moved so slowly, since the Metropolitan Planning Commission was first created in 1957. A preliminary 'development guide' was completed in 1968, but laid aside by the new Metropolitan Council. It is, really, only since 1973 that the Council has begun the effort to draw together, now, the influence it has over the actions of regional and other public decisions. . .into some kind of coherent 'development framework' that reflects broadly where the region is moving, and the direction in which public policy should try to guide it.

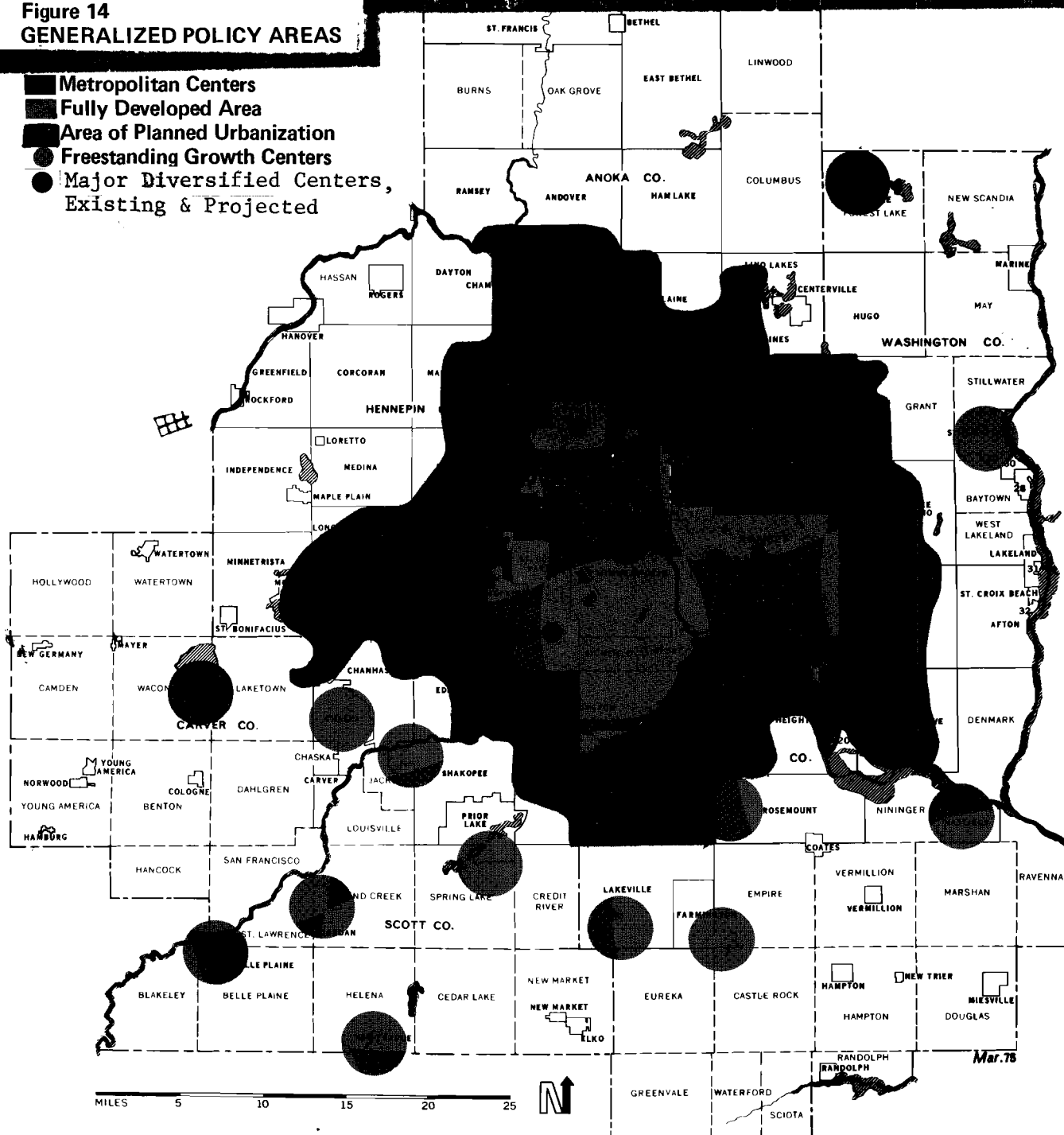
Through most of this period, the Citizens League has also been working on this problem--mainly, with suggestions about the design of the institutions being created for the planning, policy-making and management of metropolitan development: for individual sewerage, transportation, open space, airport or other systems; and for the metropolitan system as a whole. In recent years, too, the League has begun to move toward the substantive issues of regional growth and development: What size? What direction? What densities? In 1973 we issued our report, "Growth Without Sprawl". In 1974 the Board set up this committee, to review the Development Framework planning of the Metropolitan Council, and to look beyond, at the coming issues which this public planning must address. We offer here our findings, conclusions and recommendations. . .recognizing, as we have said, that it is not possible to be either certain or definitive; but with confidence that we have identified correctly the general situation in which the region finds itself, and have seen clearly the general direction in which it should now proceed.



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Figure 14  
GENERALIZED POLICY AREAS

- Metropolitan Centers
- Fully Developed Area
- Area of Planned Urbanization
- Freestanding Growth Centers
- Major Diversified Centers, Existing & Projected



- |                    |                     |                   |                     |
|--------------------|---------------------|-------------------|---------------------|
| 1 SPRING PARK      | 9 VICTORIA          | 17 FALCON HEIGHTS | 25 GEM LAKE         |
| 2 ORONO            | 10 ROBBINSDALE      | 18 MENDOTA        | 26 BIRCHWOOD        |
| 3 MINNETONKA BEACH | 11 SPRING LAKE PARK | 19 LILYDALE       | 27 WHITE BEAR       |
| 4 TONKA BAY        | 12 U. S. GOV.       | 20 GREY CLOUD     | 28 BAYPORT          |
| 5 EXCELSIOR        | 13 HILLTOP          | 21 LANDFALL       | 29 WILLERNIE        |
| 6 GREENWOOD        | 14 COLUMBIA HEIGHTS | 22 DELLWOOD       | 30 OAK PARK HEIGHTS |
| 7 WOODLAND         | 15 ST. ANTHONY      | 23 PINE SPRINGS   | 31 LAKELAND SHORES  |
| 8 MEDICINE LAKE    | 16 LAUDERDALE       | 24 MANTOMEDI      | 32 ST. MARY'S POINT |

ANOKA — County Boundary  
ORONO — Municipal Boundary  
CAMDEN — Township Boundary



MAJOR IDEAS . . . . .

- \* The primary focus of metropolitan planning has consistently been on restraining the dispersal of the Twin Cities urban region into the surrounding countryside.

Now, as the implementation of that policy gets under way, it is time for the Metropolitan Council to begin addressing the even-more-complex problem of the pattern of development within the region as defined by the 'Metropolitan Urban Service Line'.

The Metropolitan Council should now, in other words, prepare and present to the Minnesota Legislature in 1977 a specific program actually to carry out its policy that the 'centers' of activity it encourages . . . the existing 'metropolitan centers' in St. Paul and in Minneapolis, and the emerging and proposed 'major diversified centers' in the new suburban areas . . . are, in fact, part of the metropolitan development program.

- \* By far the most difficult problem is the strategy for what might properly be called the 'metropolitan growth centers'.

The Metropolitan Council has proposed essentially a strategy of competing opportunities for developers, and for development. We support this policy: The region should continue to build both its new suburban areas and its older central areas.

This policy will succeed, however, only if--along with the five-year supply of open land provided around the edge of the presently-built-up area--there is provided an alternative for development within the 'metropolitan centers' at what are, from the developer's point of view, roughly equal costs.

Currently there is an imbalance . . . created by the extra costs that exist in the central areas as a result of need to assemble and prepare land for development.

The job of the Metropolitan Council now is to design an implementation program to achieve this balance. The work falls into six parts. The Metropolitan Council should present to the Legislature:

- Recommendations for new ways to assemble land, minimizing public condemnation. We urge again consideration of proposals we made in our report, "Better Use of Land and Housing".
- Recommendations for new ways to finance the removal of obsolete buildings. Ways might be found to do this over the life of a property, rather than as a part of a redevelopment project cost.
- Recommendations for public improvements that could stimulate private investment in the metropolitan centers. We urge again consideration of the proposal we made for an 'internal circulator' transit facility, in our report in 1974.
- Recommendations for new forms of subsidy, to the extent this is needed to achieve the required balance in development costs between the fringe and the core of the region.

. . . . . I N O U R R E P O R T

-- Recommendations for the financing of the public improvements and/or public subsidy. Tax-increment financing affects the revenues available for the support of general city services. The Metropolitan Council should advise the Legislature whether the growing contribution by the state to the municipalities now beginning to feel the costs of replacement should come through state aids for operating expenses, or should take the form of a new program of aid for capital improvements.

-- Recommendations for a new and broader process of planning and decision-making about metropolitan center development.

- \* The Metropolitan Council should take the lead also in proposing ways by which its concept of 'diversified centers'--the development of major retail, office, service and higher-density residential facilities--can actually be achieved, in the new suburban areas. The challenge is to design, in effect, a planned unit development at the multi-municipal scale.

We think a prime opportunity exists for this, in the sub-area east of St. Paul. But the Metropolitan Council will have to propose a way to define the site. In this effort it should consider both the possibility of a public land-acquisition and the possibility of installing some form of non-auto transportation, to link together the major elements of the diversified center. The Council might usefully examine, also, the new urban concepts developed for the Minnesota Experimental City project.

- \* A major policy issue remains to be addressed, in the Metropolitan Council's current review of its policy plan for housing.

It appears to be assumed that the housing to be produced, in response to the identified demand for some 380,000 units, will be free-standing single-family homes to house the new, younger families being formed. The question that urgently needs examination is whether, instead, the new units added to the stock might be relatively smaller (townhouse or apartment) units for the single persons and couples now under-occupying existing single-family homes . . . with the new, younger families moving, instead, into these existing neighborhoods.

- \* The Metropolitan Council has submitted to the Legislature an implementation program for restraining urbanization around the Twin Cities area. Our own report, "Growth Without Sprawl", identified the need for such a policy, and action program. We therefore urge adoption in 1976 of the cooperative metropolitan/municipal planning program presented by the Council--combined with an effort to monitor closely the effects of this program on the costs both of housing and of development.

The Council has not yet fully resolved the question whether, beyond the line it has drawn, there is to be simply no development at metropolitan expense; or no development at all. The Council should resolve that question and submit proposals in 1977 to the Legislature to implement its policy for that part of the seven-county region beyond the line. The State Planning Agency should address the same question for the portion of the Twin Cities commuter-shed beyond the seven-county boundaries.

## RECOMMENDATIONS

1. The Legislature should enact, in 1977, a program of cooperative metropolitan and municipal planning to implement the Development Framework policy on the urbanization of the Twin Cities region.

The legislation should:

- a) Follow generally the proposal submitted to the Legislature by the Metropolitan Council in 1975.
- b) Provide that in the case of conflicts between local and metropolitan plans the final decision on adjustments and conformity rest with the Metropolitan Council.

The Legislature also should direct the Metropolitan Council and other agencies to prepare and present proposals for strengthening the implementation of this program. Specifically:

- c) Require and enable the Metropolitan Council to report annually on progress and problems in the implementation of the Development Framework, with particular reference to land prices and housing costs.
- d) The Metropolitan Council should prepare and present a proposal for such additional controls as it believes are needed to protect the areas beyond the Metropolitan Urban Service Area (MUSA) line from premature urban development.
- e) The State Planning Agency should present a proposal for complementary and supporting actions in counties outside the seven-county metropolitan planning area.

2. The Metropolitan Council should prepare and adopt a specific implementation program--to be submitted to the Legislature in 1977--for the maintenance and redevelopment of the Fully-developed Areas and the Metropolitan Centers.

We recommend that in putting together this program the Council address, and develop proposals in, six major areas.

We have not studied each of these problem areas in detail, and therefore make no recommendations of our own as to what the proposed solutions should be. We are able, however, in each case, to suggest one or more ideas, or possible solutions, which the Council should at least consider.

Two of the six areas involve incentives to private developers. The implementation program should include proposals for:

- a) Ways to balance incentives at core and fringe locations by relieving the obstacles to central-area development which result from the high cost of land and the high level of valuations for tax purposes.

We urge consideration of leasing as well as sale of land publicly acquired for redevelopment, and consideration of the basis on which land is valued for tax purposes.

- b) New public-works projects that might stimulate development through an increase in land values.

The Council is presently considering, in its Investment Framework, a proposal to give priority to re-investment in older developed areas. We urge the Council to consider also a comparable priority for new (as opposed to replacement) facilities. One of the most important, and already suggested in the Council's own transportation policy plan, is for a short-distance type of automated fixed-guideway transit, entirely within the Metropolitan Center, linking the skyways in the central business district with nearby locations at which major institutions or higher-density housing is located, or is proposed to be developed.

The other four areas involve changes in the public planning and development process--generally intended, however, to minimize the direct governmental role and to use public powers so far as possible to facilitate private action and private investment.

The implementation program should include proposals for:

- c) Adjustments in the law to permit or to encourage the assembly of land parcels, especially by non-governmental bodies.

We encourage the Metropolitan Council to consider at least these three possibilities:

- \* land-acquisition by private organizations, with eminent-domain power exercised by public agencies to acquire the holdout parcels.
- \* private land-acquisition, with public authority used only to require the holdout parcels to join in the project.
- \* the use of eminent domain by limited-dividend private corporations.

- d) Ways to accumulate, over the life of a building, the funds needed to pay for its removal.

The Council should consider what parallels may be offered by the state program for the removal of auto hulks: a small annual charge on all vehicles, used to remove car bodies at the end of their useful life.

- e) A new, broader arrangement through which affected and interested parties can participate in decisions about the development of the Metropolitan Center.

We urge the Council to consider not so much a Development Corporation, as its Development Framework has suggested, but rather a broader mechanism that would bring together, under Metropolitan Council auspices, both the various governmental agencies and the principal private parties--specifically, the private investors and the representatives of the people who live in the areas that are, or may be, scheduled for redevelopment.

- f) A five-year projection of public revenues--especially, of state aid--to the municipal governments in the older, re-developing parts of the region.

The basic issues that need to be addressed are raised by the experience with the municipal financing of redevelopment through the tax-increment approach. Specifically, the question is whether the state government, as it is drawn more and more deeply into the financing of programs in the older municipalities (central cities, today; but in the future, increasingly, suburbs), would prefer to be involved in the operating budgets--as we have concluded it is likely to be, as a result of tax-increment financing-- or, directly, in the capital budget.

We urge the Metropolitan Council to explore a program of metropolitan or state aid, as an early-needed alternative to tax-increment financing, for a portion of this redevelopment or 'recycling' cost, and to make recommendations to the Legislature in 1977 both as to the level of government most appropriate to bear the cost of redevelopment, and as to the most appropriate system of financing.

3. The Metropolitan Council should prepare a specific plan and proposal for the future development of a 'major diversified center' in the sub-area east of St. Paul.

Again: We have not explored the issues involved in sufficient detail to permit us to recommend what, substantively, the plan for the center should be. It is clear to us, however, that the implementation program prepared by the Metropolitan Council should address the following four issues:

- a) The selection of a specific site for the center.

Since the various sites presently held by the developers lie in separate municipalities, no solution to this question is likely through municipal action. We urge the Council to take the lead on this decision, consulting with the government of Washington County, which has the statutory land-use planning responsibility for the full area likely to be involved.

If a choice cannot be made in this way, or if a site not held by a developer is determined to be most appropriate, we would urge the Council to consider proposing to the Legislature a program of public land-acquisition for the center.

b) A decision on residential development in Washington County.

We urge the Council to consider an easterly 'bulge' in the MUSA line sufficient to permit housing development close to the likely center location, as an alternate to the alternative pattern that would involve longer-distance commuting to the industrial and office developments in the center from residential areas in the St. Croix Valley, in Wisconsin and in south Washington County.

c) The creation of an organizational arrangement for the planning of the center and of the sub-area.

We urge the Council to consider becoming the prime sponsor, or lead agency, with a task force to be formed that would include the county, the municipalities, the other public agencies responsible for development related to the center, and the affected private parties.

d) A decision on the nature, location and timing of the major public facilities needed to bring the center into being.

We urge the Council to include not only the traditional sewer, water and road systems, but to give attention also to transit and open space facilities, as they might help shape a new pattern of urban development, both within the center and between the center and its nearby residential areas.

4. **The Metropolitan Council should, in the revision of its Housing Development guide in 1976, broaden substantially its policy on housing to cover the future location and type of new housing construction, in relation to the existing housing stock.**

The Council has had a housing policy restricted mainly to publicly financed and publicly subsidized units, and focused heavily on the geographic distribution of these units around the metropolitan area.

Again: Our recommendation deals with those issues which, in its policy review, the Council should address. They include:

a) How far the new households to be formed 1975-1990 are to be housed in new single-family-home construction.

The analysis of this policy alternative should fully consider the cost and price of such a strategy, and the implications for land requirements--both as to location and as to amount.

b) How far these new households are to be housed in existing single-family homes, with the new units constructed primarily for single persons and couples presently occupying family-sized housing.

The analysis of this policy alternative should consider the different cost and subsidy requirements, the different implications for the amount of land required and its location, and the programs of maintenance on older neighborhoods that would be required.

## CONCLUSIONS

1. The decision to restrain the outward dispersal of the Twin Cities urban area is sound, and should be implemented by the MUSA-line and the program of cooperative planning essentially as proposed by the Metropolitan Council.

We are aware, and we think the region should be, of the precedent-setting character of the decision being made.

Our support for it is shaped by two conclusions:

- a) The concept of a metropolitan urban service area is fundamentally a reasonable one.

The Citizens League, in its 1973 report, concluded that there should be *some* limits to the outward expansion of the region . . . and that some mechanism was needed to balance the benefits which the extension of urban services creates, for certain persons at certain locations, against the costs which it imposes, on others. Our own study supports that conclusion.

The Development Framework provides that mechanism. And the MUSA line is the expression, by the Metropolitan Council, of the balance that has been struck.

- b) It is possible to narrow, but not to remove entirely, the uncertainty about the consequences of a decision to guide development centrally.

We recognize the impulse to make this decision, somehow, literally a calculation. There has been a hope, which to some extent we shared, that it might be possible to quantify and to total the benefits and costs--first, of the present system; and second, of the system proposed under the Development Framework.

We have had to conclude, however, that this decision contains factors which cannot be quantified, and unknowns which cannot be removed. The problem, for the area, is how to handle the decision, given this condition of uncertainty.

We come, therefore, to a third conclusion, that:

- c) It will be essential for the Metropolitan Council to produce, annually, an 'audit' report on the performance of the Development Framework policies and programs.

The need for some such 'feedback' has appeared already--largely as a result of the concerns about the impact on housing costs of the proposed reduction in the amount of land available for development.

We believe such a monitoring of the effects of the Development Framework should go much further. There should, for example, be a reporting of the changing costs of development, so it will be possible to know whether or not there are offsetting savings in investment, should there indeed be an increase in housing costs.

Such a reporting system will be difficult and will take time to develop. But we believe the important basic elements can be added fairly early, and fairly simply, to Metropolitan Council annual reports, which up to now have been mainly reports about the Council rather than about the Twin Cities region.

This support involves a recognition, fourth, that:

- d) The Development Framework does represent a fundamental change in the 'rules of the game' by which this region grows.

This is perhaps oversimplified . . . but essentially, in the past, we have had a system in which an individual municipality was able to choose not to develop, with the developers in turn able to skip on over that municipality to the next municipality or township, farther out.

Now, under the new policy, the option to developers to skip on out to the fourth-tier townships is to be cut off, by the MUSA line. The corollary of this, clearly, is that the option to municipalities not to develop will be, in the same degree, diminished. This is, presumably, what is meant when the Metropolitan Council talks about the policy of 'in-filling' new development into areas already partly built-up.

We are not uncomfortable with this. We recognize some municipalities oppose development, in their effort to preserve amenity. Open space--in the sense of land-not-yet-built-on--does contribute to the amenity of an area. But only temporarily. In time, someone builds. The sounder course is to plan for development, so that the drive for amenity plays out in (a) good design and (b) an adequate program of publicly owned or publicly preserved open space.

A need does, however, emerge to ensure that sound and well-designed development then does in fact take place in the municipalities within the MUSA line. This raises a number of questions that are now only beginning to be addressed, and resolved. For example: Is the pace of development that is implied within the fiscal capacity of the particular municipality? The Metropolitan Council is addressing a number of such questions, in its Investment Framework program, scheduled for completion in 1976.

2. **The strategy of providing an oversupply of land ready for development--at all times, and all around the edge of the Twin Cities region--is a defensible one, but its implications must be clearly understood.**

The Development Framework provides for maintaining roughly a five-year supply of developable land--partly as a way to prevent excessive increases in the price of land and partly to provide a reasonable range of choice in suburban locations, with the option to develop in the 'rural' area largely closed-off. (There is a dispute about the land area needed to provide this inventory of 'developable' land; but this does not affect the concept of the 'five-year supply'.)

- a) The 'metropolitan urban service line' must be seen as general policy guidance to the municipalities--not as a precise line, given final location by the Metropolitan Council.

In a sense there is always a 'metropolitan urban service area': The area



now served and scheduled-to-be-served with sewers and other facilities within, say, five years. The Citizens League in 1973 proposed that this area continue to be set as a composite of decisions by municipalities on their five-year capital improvement programs.

We are prepared to support the concept of a MUSA line, drawn by the Metropolitan Council, in the context of the relationship set in the Metropolitan Reorganization Act of 1974 which provides for the Metropolitan Council to indicate, *in general*, the location and timing of major development, with implementing bodies to set the specifics as to date, location, etc.

- b) This 'oversupply' strategy provides a needed and useful flexibility . . . a margin for error . . . into the system of development control.

The Development Framework refrains from making choices about where, within the MUSA line, new development ought to go. It sets up, that is, no regional preference for a major thrust of development during the coming decade to be on the north side of the area rather than on the south, east or west side. Rather, there is--literally and figuratively--'room' for development to occur at several alternate locations. This is important, particularly in relation to what we recognized earlier: That a place will have to be found, somewhere, within the MUSA line, for the development to go. Not all municipalities are likely to be willing, or ready, for development on a very precise schedule. The oversupply of land within the MUSA, then, does provide an important flexibility.

- c) It must be clearly recognized also that this 'oversupply' policy sets up no pressure to maintain development or to force re-development in the Fully-developed Areas or Metropolitan Centers.

The Development Framework is not a system for the apportionment, annually, of the incremental growth in population, jobs, dwelling units, and commercial/industrial floor space as between the open land at the edge of the region, on the one hand, and the already-built-up areas of the region, on the other. Such a centrally controlled system does, we understand, exist in Toronto. But that is not what is proposed for the Twin Cities area.

Rather, the Metropolitan Council is providing, at the edge of the region, enough land served with urban facilities not only for the overall growth of the region as a whole but also for the development which is not 'growth' but simply the re-location of existing population or economic activity from the Fully-developed Areas and Metropolitan Centers to the urban fringe.

- d) This strategy--essentially, of providing competitive opportunities for development between the Metropolitan Centers and the urban fringe--is preferable to an effort to administer centrally the entire development process.

Even if this area, and the Metropolitan Council, possessed a full knowledge and understanding of the development process (which we think it does not), we would resist the concept of a central political decision about the relative growth of the urban fringe vs. urban core. In this we think we would be supported generally by persons involved and interested in both parts of the region.

Our preference, instead, is for a strategy that maintains a balance of development opportunities.

- e) A policy of 'competing opportunities' will require there also be, however, a supply of land available for development within the Fully-developed Areas and Metropolitan Centers.

We have found the urban fringe location to have an advantage in the competition for development--in substantial part because of the disadvantage which the existing old buildings, the costs of relocation and the fragmentation of land-ownerships present for central-area locations.

If no program exists to remove these disadvantages and excess costs for the central-area location, it is probable that little development will occur there. In turn, the supply of land for development at the urban fringe would have to be enlarged.

3. Propagative of the development of the Fully-developed Areas, and to continue the development of the Metropolitan Centers, is sound.

We would not support such an objective solely to maintain the finances of the municipal governments serving those areas: Changes in the system of public finance, and state aids, would be a simpler and more appropriate alternative.

The critical test, for such a development objective, is the question whether these older areas should be and would be maintained, and renewed, if the Twin Cities area were all a single municipality.

In our judgment the answer is 'yes', for the following reasons:

- a) Central-area development would not be the sole option provided.

As we have seen, the Metropolitan Council intends to provide a very substantial development opportunity--for industrial and commercial activities, as well as for living--on the urban fringe. The objective of encouraging development in the urban core is *in addition to* this, not *in place of* it.

- b) A diversity of urban environments is desirable.

Preferences do differ, legitimately. Some people prefer the house and the lawn in the suburbs. Some prefer the older neighborhoods or the higher densities characteristic of the core-area location. It makes little sense to pit these against each other. The sound strategy is to provide for both. Both will need sound urban design.

The quality of life of the Twin Cities area depends on the existence of both . . . as any look at one of the national magazine articles on this region, in recent years, will attest. Some of the emphasis is on the quality of the commercial and especially cultural and educational facilities in its central areas. Some of it is on the amenity of the residential areas--or of 'life in the suburbs'.

And it is not simply a matter of people living in pleasant suburbs and working downtown: There are people who work downtown who live in nearby

older neighborhoods; there are people who live in the suburbs who also work in the suburbs; and there is a surprising number who work in the suburbs and live in the older neighborhoods of the Fully-developed Area.

- c) The stock of larger, family-sized housing is a public--and a regional--asset that must be maintained.

Over the next 10-20 years the Twin Cities area will have to find housing--family-sized housing--for a substantial number of additional households, being formed as the children of the postwar baby-boom marry and have their own children. It will not be easy for the region to build all this housing new: It may be that a significant part of the solution will be for these new families to move into existing units, which are now--recent population estimates indicate--under-occupied by single persons and couples. If so, it becomes imperative that these houses--and, because of the way the housing market works, these neighborhoods--be maintained at high standards. Suburban people have an interest in this if for no other reason than that it is in such neighborhoods that many of their own newly married children are likely to be living.

- d) The compact pattern of land uses, in such areas, is itself an asset that should be preserved.

Much of the argument for preserving older areas is focused on the preservation of individual buildings, and emphasizes the advantages of remodeling as opposed to new construction. There is merit in this argument--although it must be recognized that remodeling can sometimes not be worth the cost; and that buildings, like other durable goods, do wear out, and need replacing, at some point.

But beyond this, the area has an asset in the concentration of major commercial buildings, and sound residential neighborhoods and high-quality cultural, educational and medical facilities within so small a land-area.

Most of the Twin Cities region, since the coming of the automobile and the motor truck after about 1915, has been built in a pattern of larger and more specialized land-use areas: Residential subdivisions, shopping centers, and industrial parks, with a growing investment required in transportation facilities and travel time. In contrast, the compact central areas represent parts of the region in which densities are high enough, and distances between origins and destinations are short enough, to support an alternative transportation system--a combination of buses, taxis, minibuses and skyways operating with the kind of frequency and reliability that can make it possible to live without owning a (or a second) car.

- e) In a period when trends are unclear, it is prudent for the area to hedge its bets.

It has been argued that the trend is irresistibly toward further dispersal of activities within the region--and even that, with improvements in information-handling that will substitute communications for physical proximity--this change will be both feasible and desirable.

On the other hand, it has been argued that the rising costs of energy for travel and for heating will force activity both into larger, older buildings and into a much more compact pattern of land use.

The truth is that we cannot know, at this point, that either trend is certain to prevail. The sensible course, therefore, is to anticipate both, and--while continuing to develop at the urban fringe--to maintain the sound concentrations of activities that exist.

4. The Metropolitan Council's program for the implementation of the Development Framework is critically deficient in not providing affirmative and specific proposals for maintaining the Fully-developed Areas and for rebuilding the Metropolitan Centers.

- a) The maintenance and re-building of these areas is a metropolitan concern.

The Development Framework affirms this, explicitly.

We have found that the Metropolitan Council has not so far, however, produced the regional action program which this policy declaration implies and requires.

Its mandatory-planning legislation concentrates on the control of new development at the outer fringe of the region. The Investment Framework now under consideration also focuses most heavily on this outer-fringe problem --in part, perhaps, because the further studies of problems in the central areas have not so far been carried out. The major debate about the rebuilding of the Metropolitan Centers--particularly, of central Minneapolis--during this past year has been carried on almost totally independent of the discussion about metropolitan investment policies--and vice versa.

This absence of an implementation program is, literally, in-consistent with the declared policy objectives of strong Metropolitan Centers.

- b) This inconsistency could be removed, alternatively, by dropping the policy objective which now calls for maintaining the Fully-developed Areas and Metropolitan Centers.

The Twin Cities area would then be looking, as a matter of conscious policy, toward a gradual de-concentration of the older, built-up areas and of the Metropolitan Centers.

\* Such a policy does exist, as an option.

An argument is made, by some, that the old concentration--industrial, commercial and perhaps also residential--is (functionally, if not physically) obsolete, and that the region would be more productive if activity were to move into newer and more efficient capital plant. Given the advantage of the outer fringe in the competition for new development, such a policy has a sense of inevitability about it: Resisting the dispersal of the old center seems to be swimming against the tide.

\* We think it unlikely the Metropolitan Council and the Twin Cities area would deliberately adopt an explicit policy for de-concentration. For all their troubles, the central areas of Minneapolis and St. Paul remain among the strongest in the nation, with the central business districts holding up fairly well and re-building, and with the close-in residential areas maintaining themselves--as a result of a combination of public and private efforts.

The more likely--and most dangerous--outcome would be for the region to go along . . . continuing to state its policy in favor of maintaining the existing concentrations, but failing, at the same time, to move affirmatively with an effective program for implementing that policy. Over time . . . since a policy is essentially what is done, not what is said . . . this would come to represent, de facto, a policy of decline for the older built-up areas.

- \* We would prefer for the region and the Metropolitan Council to face this issue cleanly, now . . . to evaluate its consequences and to consider the way in which they would be implemented. De-concentration would require an affirmative, and regional, implementation program, as well: A program, certainly, for the removal of abandoned buildings; and major changes in the system of local public finance, to maintain services in a city whose local property valuations would no longer be growing appreciably.

Again: We prefer a program that would support and continue to develop these core areas, as part of a larger strategy of maintaining an appropriate balance of development opportunities as between the urban fringe and urban core.

*The region, through the Metropolitan Council, must become involved in the success of the efforts to re-build the Metropolitan Centers and to maintain the housing, particularly, in the older portions of the area. This does not mean the Council should take over these programs in total, or that it should finance them in total. It does mean that the Council must become aggressively and effectively involved--stimulating, assisting and coordinating, as it does on the fringe, what is done by the municipalities.*

- c) The program to implement a policy of central-area maintenance and redevelopment should be significantly different from the program run in recent years by the central-city municipalities.

These programs, we have found, have emphasized the public acquisition and clearance of land. They have emphasized new construction over maintenance. They have largely been tied to problems of blight and have therefore tended to work with the most-deteriorated areas first.

A new program should focus on the critical role of public decisions in facilitating the private development process. Specifically:

- \* New ways must be devised to assemble land short of public condemnation.
- \* Public investment--both the conventional public works and the newer public subsidies (as for housing rehabilitation)--must be used as part of a coherent strategy to stimulate private investment.
- \* Much more emphasis should be given to the maintenance of areas not presently severely deteriorated. This is important partly to reduce the volume of heavy rehabilitation and redevelopment activity, over the next several decades. It is important also to attract and involve private investment--the money itself and the economic analysis that comes along with it. Both--in addition to vacant land--are essential for sound development.

\* New organizational arrangements for drawing-together the parties inevitably involved: The city officials and citizen groups; the people who live on the land and the institutions that need land for expansion; the people with money and the people with needs; the people with city money and the people with federal money and the people with state money.

- d) It is imperative that a discussion be had, and a decision be reached, about the longer-term source of revenues for the financing both of development and of operating budgets in the municipalities where major re-building programs are now required.

Both in Minneapolis and in St. Paul these municipal programs have in recent years moved heavily toward the use of the taxes paid by new development, as a source of the money to finance the land-acquisition, relocation and clearance needed to attract new development. At any substantial scale of activity, this means the city will be short of funds to finance the rising cost of general city services. (It may be true that the development would not have come without the city-financed renewal program, but that leads only to the same conclusion.)

This, we have found, produces higher taxes on property elsewhere in the city and--as these property-tax increases produce effective pressure for property-tax relief--to increased non-property taxes by state government. In effect, then, though in-directly, the Legislature will be financing the re-building program in the city.

If the state is, in fact, becoming a substantial partner in this re-building, it might prefer to be involved directly on the capital side. At a minimum, it should know much more than it has known about the future of major city programs, of which it will--one way or another--pay a substantial share.

If, alternatively, the rebuilding is financed directly, and not by tax-increment or tax-abatement, much better advance planning will also be needed, to coordinate the projects, or the subsidies, of the various jurisdictions involved. In a sense what is required is more coordinated capital budgeting. But that is effective only to the extent the flow of financing authority can be fit to the same schedule. Inescapably, then, the orderly planning of revenues is imperative.

5. **A program should be designed also to make effective the policy favoring the development of 'major diversified centers' in the newly urbanizing fringe of the region.**

The 'major diversified centers' have been a central part of metropolitan planning from the beginning. The Metropolitan Council has generally identified their likely or appropriate location. It has been cautious, however, about becoming specific as to particular sites--which would involve making choices that would benefit one particular landholder rather than another. The 'center' has therefore remained at the level of concept, and discussion. Site-specific plans or proposals have not been published. And, since major commercial-center proposals typically appear in different municipalities, few if any choices have been made by governmental bodies below the regional level.

The 'center' remains a concept at least worth trying for the following reasons:

- a) The overall impact of development on the environment can be minimized, or made less adverse, by working at a larger scale.

The saddening experience, too frequently, is that the amenities that originally drew families and businesses to new sites at the fringe disappear, all too soon. Open space, wilderness areas, privacy, quiet . . . all give way as development proceeds. The Citizens League committee in 1973 concluded that, in the long run, amenity cannot be protected simply by space, which does not last . . . but *can* be protected by sound urban design. For this reason, it recommended much greater use of planned unit developments--the largest of which, in scale, would of course be the 'major diversified center'.

- b) The efficiency of a sub-region may also be higher with major facilities and services concentrated at the center of minimum aggregate travel.

It would be possible to have many small 'convenience' facilities, more broadly scattered throughout the sub-region. And it would be possible to have large, specialized facilities, dispersed at different locations throughout the region. But neither would provide the *combination of* specialized services and reduced travel that might be possible with the diversified center.

- c) An opportunity for a demonstration remains, in the sub-region east of St. Paul, and should be used.

In most sub-regions likely to be significantly built-up by 1990, development is already well along: Residential, office, industrial and retail. The basic skeleton of roads and sewers is in. The land-use pattern is--broadly speaking--fairly well committed.

The principal opportunity to design a new pattern of urban development exists in the eastern sub-region where, for a variety of reasons, and as we have found, development has been held back. The fact that the major new developments that have been proposed are likely to be delayed increases, rather than decreases, this opportunity--providing more time in which the difficult advance planning can be done.

- d) Some exception to the general policy of guiding new development into areas already partly built-up might well be in the regional public interest.

The Development Framework policy, as noted, is basically one of in-filling areas now partly developed, before opening up other land areas now not served at all with urban facilities.

We support this policy. But--if applied uniformly and totally across the Twin Cities area--there would be no opportunity . . . no 'clean slate' . . . on which to try a new approach to urban development--at least for many years.

We think a sound case can be made for having--and using--at least one such opportunity in the region. We would not support a rigid policy of guiding

investment only into areas already partly developed, therefore--for the reason that in such areas the sewer, street and other development has proceeded to the point where the essentially conventional pattern is already committed.

Over the years, the opportunity to experiment with new designs--as for shopping centers, or for the layout of residential subdivisions--has been important in improving the quality of development in the region. Something in the nature of a demonstration can be important to the progress of the area, and the opportunity for it should not be totally foreclosed by the general policy of in-filling partly developed areas within the MUSA line.

- e) For a 'major diversified center' to succeed, new 'partnership' arrangements will be required, both between public agencies and private parties, and among public agencies.

As in the case of the Metropolitan Centers, the soundest course is to leave room for the initiative of private parties, within a framework of public investments and regulations. The governmental bodies will need to coordinate better their road, sewer, park and other investments, and some new types of investment normally not built into first-stage development--such as transit--might need to be provided. Public acquisition of specific sites, for particular types of development, may be needed.

Also, the public elements--state, metropolitan, county, municipal and special-district--will need to be put together, on the ground, on schedule. Much greater emphasis will be needed on coordination between governmental levels, and programs, and--again, as in the case of the Metropolitan Centers--this implies longer-range planning and much increased flexibility in the scheduling of financing.



## FINDINGS

### The Metropolitan Development Problem

There are three major aspects of this inter-related problem of regional growth and development:

1. The Twin Cities urban region has been spreading farther and farther outward into the countryside, at ever-lower densities.

The Citizens League, in its report "Growth Without Sprawl", reported on the status of these trends as of mid-1973. It found agricultural activity retreating from around the metropolitan area . . . large quantities of vacant land . . . land values on the outer fringe of the region rising significantly . . . scattered residential development occurring largely on a lot-by-lot basis . . . high rates of population growth on the edge of--and beyond--the seven-county region . . . a re-definition by the federal government of the Twin Cities area to include Wright, Chisago and St. Croix (Wisconsin) Counties . . . rapid growth in elementary school enrollments in these outer counties . . . a land area roughly equal to that of either Minneapolis or St. Paul being brought under municipal government every year over the past decade.

- a) The extent of this dispersal has been substantial.

As it has grown, the Twin Cities area--never a really high-density urban area--has been consuming relatively larger increments of land. The Metropolitan Council reports that the first million residents used one hundred square miles, the second million an additional two hundred square miles, and the third--under present trends--would use seven hundred square miles.

- b) The powerful forces that encourage this dispersal are continuing. They have by now been clearly identified. They are quite fundamental, and unlikely to change quickly, or easily.

-- Amenity. The substantial preference of families in this area, all surveys show, is to live in a house in the woods by a lake. In this area--with land open on all sides and a good road system--many have been able to realize that preference. This has brought a large supply of land onto the market. It is possible to build a small and inexpensive house, which can be gradually improved over the years.

-- The availability and financing of services. In recent years, service standards once thought of as only urban have been extended widely over the region. This has removed a differential which operated as a restraint on expansion. Roads have been improved, so travel times have fallen. Hospitals, medical clinics, telephone service, school bus transportation, electric power have been added. Also, the cost of many services has been shifted to essentially a 'postage-stamp rate'--paid uniformly by persons all across the region. The equalization of the burdens (and, increasingly, the quality) of schools has been particularly important.

-- The pattern of local government organization. Though the work of the Minnesota Municipal Commission since 1959 has brought greater scale and order to the process of extending municipal boundaries, the policy of the region remains basically to organize for the control of development and for the provision of local services in a pattern of independent municipal jurisdictions. This is combined with a system of local-government finance which still relies heavily on the property tax--which, of course, in turn, sets up incentives on the officials of these jurisdictions to get development, and major tax-producing development, physically into their boundaries.

c) On balance, the consequences of this dispersal are likely to be adverse.

-- There are benefits from dispersal. The Citizens League committee in 1972-73 recognized what has been apparent to this committee again now: That the decentralized and dispersed pattern of development provides many real benefits to a considerable number of persons. 'Sprawl' is not bad simply because it is untidy. It can increase the quality of life for those who are able to find a pleasant home in the country. It provides a choice of housing--and a lower cost option important to many. It can result in the postponement of some public service costs and some private costs, and the equalization of public utility charges and taxes which has accompanied the post-war dispersal has eased some burdens for people living on the fringe.

-- There are also offsetting disadvantages. On balance, they dominate. There are real questions of equity--as persons in the developed parts of the region are asked to help finance the costs of a development pattern over which they have no say. The dispersed development pattern provides little incentive to utilize fully the investment in roads, sewers, schools and other major public facilities before adding new facilities. Low-density and dispersed development further commits the area to an expensive system of transportation--the single-occupant car and the multi-car family. The scattered development tends to push up the price of land needed for parks and resource preservation. And--while some costs can usefully be postponed--some other costs can be higher for being deferred. Scattered low-density development presents real risks for ground-water pollution. Most important, the amenities and the open space on the fringe do not last: The countryside was once, after all, just a mile from downtown. Finally, unrestrained development on the fringe makes it extremely difficult to maintain a market for land in the built-up areas. The investment needed to rebuild older parts of the region may, therefore, never be made.

2. In the past, as the original structures aged and deteriorated they were removed and replaced, by a new 'wave' of development moving out from the old city center. In recent years, however, this process of 'recycling' land has been working with greater and greater difficulty.

Both the traditional process and the recent difficulties are well illustrated by the experience of Minneapolis, the largest of the two original major centers of settlement and development in the Twin Cities region.

- a) The history of central Minneapolis has consisted, from the beginning, of a tearing-down and a re-building.

Even as new streets, houses and business establishments were added-on, at the edges of this growing settlement after the 1850s, the city and its people were involved in replacing and re-newing the public and private facilities. Wooden bridges were replaced with steel bridges. Small buildings were replaced with larger buildings--for businesses and for residences. When the city/county government building was built between 1895 and 1905 there were white frame, single-family houses across the street.

This re-building went on as a normal operation in the private sector, and without presenting serious public questions, into the 1900s. This is not to say there was not a strong community interest in the continued development of Minneapolis: There was. In the first decade of the century, following after the Columbian Exposition and the early planning being done in Chicago (particularly the redevelopment of the lakefront), a strong interest developed as a part of the "city beautiful" movement which led to the formation of The Civic Commission in Minneapolis. Its Plan of Minneapolis was finally published in 1917.

The opening sentence of chapter one well suggests the tone:

"Minneapolis is the commercial and officially designated financial capital of an empire greater in area than Great Britain, Germany, Belgium, Holland, Denmark and Switzerland combined."

The plan, submitted in a maroon, hardbound report in 1917, is remarkable both for the scope of the development it projects for the city and in the degree to which it anticipated the problems, issues and programs that are in fact unfolding now in the 1960s and 1970s. Some parts of it proved impractical; in other respects, its concepts proved to be those by which engineers and developers have been guided ever since. Its release coincided, however, with the first World War. After the war, the character of Minneapolis government changed radically, and the civic leadership that produced the planning during this 1904-1917 period began its move to new suburban areas. Many of the 1,000 copies of the report have remained stored in the towers of City Hall.

- b) Up until about the last 20 years, this re-building was essentially private . . . though within a framework of public planning and stimulated by related public works.

The system of lakes, parks and parkways was designed by about 1910, and essentially completed by the end of the 1920s. It fundamentally shaped much of the residential development of the city.

Through the 1920s the city government played an important role in coordinating planning and development. Some of this was due to the presence of

A. C. Godward--originally the engineer for the Park Board, who during the '20s served also as city traffic engineer, city planning engineer, and financial consultant to the Board of Estimate and Taxation. In 1928 he left city service, to work for a committee of prominent businessmen where he continued to be deeply involved in the major development efforts of Minneapolis.

Major efforts were made to push radial highways from central Minneapolis outwards in all directions: A northwest diagonal and a northeast diagonal, a southeast diagonal and a southwest diagonal. The northwest route was never built, except for the improvement of 7th Street into the lower north side; this quadrant would be served, under present plans, by the combination of Interstate 394 to the west and Interstate 94 running north up the Mississippi River. The southwest diagonal, similarly, was much discussed and proposals for its construction were debated as recently as the early 1960s. A part of it exists in the suburbs as Highway 169 and Highway 100, but it appears impossible to get the route from Highway 100 into the central area through the residential areas of St. Louis Park and the lake district of Minneapolis. The northeast diagonal was built originally as Highway 8, and in its modern form as Interstate 35W. The southeast diagonal, as a way to reach around St. Paul to the south, was developed with the improvement of Hiawatha Avenue and particularly the construction (by Hennepin County) of the Mendota Bridge in the 1920s. Efforts to upgrade this route to freeway status continued by the City Council through the 1960s and are still being pursued.

A major effort from 1920 on was to change the land use in the old Gateway area along Washington Avenue near the river. The Nicollet Hotel, built in the 1920s, was a privately financed effort to reverse the deterioration of the old area, but it was not successful in sparking a revitalization. Later there was the concept of a "civic center" of public buildings, intended to serve the same purpose. Gateway Park was completed. And in the 1930s the federal government was persuaded to build a new post office along the river, and as part of that development the city was obliged to clear away two blocks of old properties housing among other things a red-light district to provide what was until recent years Pioneer Square. At other times there was a proposal for bringing a major roadway through the area, to clear away old properties in much the way that Olson Memorial Highway was developed in the 1930s to clear some old properties on the north side.

- c) Since the late 1940s the public involvement has increasingly taken the form not simply of traditional public works but also of direct governmental assistance to private developments--commercial, industrial and residential.

The urban redevelopment programs, adopted in Minnesota in 1947 and nationally in 1949, represented a revolution in the concepts of development. For the first time it was accepted public policy for the government to take property by condemnation not for its 'own' use but for resale to and reuse by another private party. A Housing and Redevelopment Authority was established under state law in and for the City of Minneapolis in 1947, and by 1950 it had moved into the problem of the Gateway with what became

known as the Lower Loop project. The old area was cleared. The redevelopment plan carried forward some of the concepts of the old "civic center"--particularly the location of the public library at the west end of the belt between 3rd Street and 4th Street; and the Federal Courts Building and the Public Health Center at the east end. (This row of public buildings was later regretted by some persons, as a kind of 'wall' between the central business district and the development opportunities that emerged along the river.)

Through the 1960s the ring of renewal projects referred to earlier was put in place around the downtown: Harrison, Near North, St. Anthony, Cedar Riverside, Seward. Total clearance projects gave way to "rehabilitation" projects in which only the really dilapidated properties were removed. A great deal of re-building was accomplished. And--to supplement the work of the H.R.A., which was largely confined to areas of blighted housing--other public mechanisms were added: An Industrial Development Commission concerned initially with the upper harbor; and, later, the City Council itself.

Much development, of course, continued fully privately--particularly in the core of the central business district between 6th Street and 8th Street on Marquette Avenue. The Rand (now Dain) Tower opened on 6th Street in 1929 and the Northwestern National Bank across the street in 1931; North Star Center and the new First National Bank were built less than a block away about 30 years later; and the IDS development went up a block the other direction in 1971.

Minneapolis had had its first experience with major retailing moving outside the downtowns in the 1920s, when the large Sears store opened on Lake Street. This was, however, still within the city limits. A more serious development came in the mid-1950s with the first development of major shopping facilities at Southdale; and the relocation of Prudential to the Park Board property at Brownie Lake; and the move of General Mills to Golden Valley. These stimulated an aggressive response, reflected in the formation of the Downtown Council and in the upgrading of the city planning capability, after 1958. The two have worked together closely in the years since, particularly on the public plan for "Metro Center 85" issued in 1970.

- d) The job of organizing and financing the re-building of the central area has fallen, over the last 10 years, more and more to the central city municipal government.

*\* Other levels of government have been helping, increasingly, with the financing of purely public works.*

State and federal aid has largely paid for the freeways and major highways penetrating into the core area. Hennepin County builds some major streets within the city. The county has also in recent years taken over the jail and the hospital/medical center . . . and is reconstructing

those facilities. The Metropolitan Open Space Commission money is starting to come into the city for parks--specifically, riverfront improvements. Substantial amounts of public money are now going into the bus system, which is heavily focused on the central area. And important new programs for housing rehabilitation have recently been authorized by the State Legislature.

- \* *Outside help in financing the re-building of private industrial and commercial development has, however, been declining.*

The period of federal support for this kind of activity, which began in the early 1950s, lasted only a relatively brief time and has now pretty well drawn to an end. The federal urban renewal programs no longer support commercial area redevelopments of the sort that Gateway Center represented. The federal programs began essentially as housing programs, and they have tended again to become essentially housing programs.

- \* *More and more, as a result, the city government itself has begun providing the "front-end" effort, and the subsidy, needed to attract major private development . . . and has been doing this increasingly through the route of tax-increment financing.*

For most developers, the alternative exists of building on the open land available in the suburbs. For the city to compete for their projects, it must find ways to provide an assembled, cleared site, with utilities available, at a price that makes the overall attractiveness of the package roughly comparable to what is available in the suburbs.

In the early 1970s, faced with the loss of federal subsidy and aware of such projects in Missouri and other states, the city became attracted by the possibility of borrowing, publicly, money to finance the acquisition, clearance, relocation and site preparation; and of repaying the borrowing with the increased flow of tax revenues resulting from the new development on the property. Legislative authority for two such "development districts" was secured from the Legislature in 1971; and a statewide development district authority was granted to municipalities in 1973. As of late 1975, there are nine such projects under way in Minneapolis: The Nicollet-Lake and Loring Park developments directly by the city government; one by the city's Industrial Commission; and six by the Housing and Redevelopment Authority. Something like \$60 million has been borrowed for these projects, with about another \$40 million of borrowing in prospect.

A very basic policy discussion is now under way about the implications and future use of this type of financing.

Important questions have been raised by other governmental units, by citizen groups, and by members of the City Council, and by the city's

Capital Long-Range Improvements Committee, about where the city is and where it is going with tax-increment financing. Generally, the questions can be summarized as follows:

- *Should the entire increment be withheld from the stream of tax revenues and pledged for the repayment of the bonds issued to provide the development subsidy?* Normally, when development occurs, the tax revenues are shared, in varying proportions, by all the taxing jurisdictions--city, schools, county and metropolitan. In a development district arrangement, the increased revenues become available to the other jurisdictions only after the bonds are retired.
- *How can the use of tax-increment financing, for the encouragement of development within the city, be coordinated with the state's policy of sharing the growth of the non-residential tax base among all the various parts of the Twin Cities area--a program which has been, and promises to continue to be, advantageous to the city?*
- *Which approach is better: To clear a large tract of land early, as a sign of the city's commitment to action and as a way of encouraging a developer to come forward; or to begin the clearance only after a developer has been signed-up?* The first approach is sometimes criticized as a 'speculative' use of tax-increment. Is it totally unsound, or appropriate in some circumstances? If the latter, when? And where?
- *Will the development projected for the growing number of development districts really materialize, and produce--on schedule--the stream of increased tax revenues needed to repay the money borrowed?*
- *Even if the development occurs, and on schedule, what are the larger implications, particularly for the financing of city services, of having committed the increase in tax revenues to the repayment of the costs of the new municipal land-clearance activity?* In the past, the growth in tax base has been heavily relied-on to help support the steadily rising unit costs of city services: Street maintenance, snow removal, police, fire, garbage pickup, etc. Even with this growth of non-residential tax base, the city has found it necessary since the war to increase the proportion of the value of property taken, each year, in real estate taxes (that is, there has been a rising mill rate). If, as a result of the widespread use of development districts, the revenues from new construction are diverted for up to 20 years for repayment of tax-increment bonds, and if the cost of city services does in fact continue to rise, where will the funds be found for the annual increases in operating expenses: From higher mill rates, on other property in the city, outside the development districts? From additional federal revenue-sharing or categorical aid? From regular additions of property tax relief or direct grants from the State Legislature?

-- *Is the tax-increment device really the best mechanism for financing city costs in the redevelopment of land, or is it used primarily because it is the most convenient politically? What would, by contrast, be the arguments for using general city bonds: In effect, using the tax base of the whole city to finance redevelopment, with the new valuation then coming into the general tax base, available for the support of all city services?*

e) There is serious and probably a growing concern whether the efforts being made by the city will be sufficient to maintain an adequate rate of replacement of the city's physical plant, particularly in the central area.

\* *Most if not all of the major developments on which the city is depending now appear to be in serious difficulty.*

Testimony to our committee by city officials, and reports in the media during the period of our work through the summer, brought out the basis for concern quite clearly.

- The Gateway Center project has had little if any development over the last five years, and there is discussion about terminating the developer's contract.
- The Cedar-Riverside project, a federally supported "new town in town", has been brought to a halt temporarily, and a substantial reappraisal and reorganization will be required before development resumes there.
- No development seems imminent on the project proposed by Burlington Northern for the river bank north of the old Union Depot.
- On the north side, the Grant renewal area, cleared almost ten years ago, remains largely unbuilt.
- Demolition is under way in the Loring Park development district, but to date it appears only the Salvation Army building and perhaps one other have actually secured the financing needed for construction.
- City Center project has been approved, but the City Council in August declined to select a developer at that time, and the project will continue for the time being in a stage of further economic analysis.

Most of the major development projects in the central area now appear to be governmental projects: The Hennepin County Government Center, recently completed; the Hennepin County Medical Center and food production plant, now nearing completion; the city-financed parking ramps beside Orchestra Hall and the Auditorium. Private work appears largely in the form of expansions and remodelings of existing buildings: Twin City Federal offices, the old Federal Reserve Bank building, Butler Brothers warehouse. South of downtown the potentially significant apartment-rehabilitation around Stevens Square is threatened as a result of a dispute between the developer and the building trades over efforts to reduce costs through the use of labor paid below union scale. Cargill, an important downtown tenant, has decided to consolidate its employees in a new corporate office in Minnetonka, and there has been real apprehension--as well as hope--with respect to the decision apparently to be made soon by the Pillsbury Company about the relocation of its corporate offices.



- \* *One important background factor is the economic attraction of a location on the urban fringe.*

Developers have found, from their analysis and from their experience, that--at least from their point of view and at least in the short-run terms which often count most heavily--the best place to build is on the newly developing edge of a major urban region.

In an older area, re-development presents difficult problems of land assembly, complex political arrangements, expensive relocation, costs for the clearance of the older buildings and for the reconstruction of the old street and utility system . . . with the development perhaps remaining in an area 50 years or more of age. These factors have in the past and may at times still be offset by the advantages of locating in the center of existing activity and in the middle of well-developed markets . . . with the basic urban systems (public services, public schools, parks, hospitals, utilities) in and paid for. But not always.

In a new town, there is the maximum advantage of starting fresh--not only with open land but perhaps even free and clear of most traditional zoning or building regulations. But here the developer is required to install at his own cost and substantially in advance a whole urban infrastructure, including even shopping facilities and perhaps the local newspaper.

It is on the edge of an established large urban region that the developer finds the maximum combination of advantages: Open land, new facilities, high level of amenities . . . combined with easy accessibility to the existing public and private service systems of the metropolis.

Perhaps the most important factor is the simple concept of risk: Greater in the older area or in the new town; less, on the developing fringe of the major region.

- \* *In the background, too, and related to the slump in development, are a number of particular changes in the economics of building and living in the central area.*

Up until sometime probably in the 1960s the 'balance' was basically in the central cities' favor. It was a large, concentrated, high-income market. Its public facilities were generally in and paid for, and still in relatively good condition. The costs of operation were in a number of respects lower there than in the new suburban areas: Gas rates, sewer charges, local taxes.

Over the last five to ten years, it is clear, at least in retrospect, a kind of turning point was reached. The election of 1965 brought in a rather different City Council in Minneapolis, concerned that for some years the city had been in effect running a policy of deferred maintenance, and not so committed to holding down the size of the capital improvements program as an end in itself. The bond program and consequently the tax rate rose accordingly: The substantial residential paving program, for example, was launched. Also, in city finance there was a marked shift away from the original policy of asking the homeowners in the residential neighborhoods to pay half or a third of the cost of park or street improvements . . . and a shift toward the financing of improvements city-wide.

There were also important changes in tax policy. In the early 1960s a series of court decisions required that properties be carried on the books for tax purposes at full market value. In the adjustments that followed there was some relief to commercial properties in older business areas.

But the increase in property taxes, especially on homes, resulting from the reassessments and from the rise in city capital and operating budgets, produced by the late 1960s a series of changes which further disadvantaged commercial property, particularly in the central cities. The state's policy has been, essentially, to leave property tax rates relatively high, to widen the distinction in the classification system between residential (homestead and, now, non-homestead) property and commercial property, and to reduce the effective tax rate to residential taxpayers through the use of homeowner and rental credits. No adequate controls on local levies were provided in the 1967 tax reform package and property tax levies rose rapidly in the years immediately following. In 1971, as a consequence, the state undertook a second reform through a substantial assumption of the responsibility for the financing of the operational costs of the public schools through additional state non-property sources. Until that time, relatively higher municipal taxes in the central city had been offset by relatively higher school taxes in the suburbs . . . with the total overall property tax rate, therefore, remaining roughly comparable (or slightly in the central cities' favor) from the standpoint of a developer considering building on the outer fringe or rebuilding in the central area. By 1973, the traditional relationships had reversed themselves: The central cities had moved from the group of ten lowest municipalities in the region, in terms of effective property taxes on an average-value house, to the group of ten highest.

The program for the sharing of the growth of the non-residential tax base, enacted in 1971 and put into effect in 1975, moves essentially in the opposite direction . . . adding, as it does, tax base to the central cities at a faster rate than would have been the case otherwise; and providing year by year that a larger and larger proportion of the commercial-industrial valuation throughout the region pays a uniform areawide rate independent of the location of the property in a central area or an outer suburb. But this program works only incrementally and gradually over time. The cities did return to the Legislature in a major way in 1974 and 1975 to secure additional forms both of relief for taxpayers and of state aid for the growing expenses of city government.

The concern is for the future. A good many of the functions which had been imposed on the central city (and illogically under modern conditions) have now been transferred to larger taxing jurisdictions. Many if not most of the available forms of property tax relief have--as of 1975--been enacted. It seems very difficult to hold down the increase in city costs, let alone reduce them. The city's population is older and lower-income and relatively more disadvantaged in several respects. Pension costs are built-in. Each year, larger and larger elements of the city's capital plant (reflecting the rising rate of growth 70 to 100 years ago) reached the age of obsolescence. Inflation is very real. If these replacement costs continue to fall primarily on the property located within the city limits, the differential between taxes paid by a central area development and taxes paid by an outer-fringe development will only widen.

- \* *Trends in the residential areas surrounding the major center also have not been favorable. This involves both the size of the population, its characteristics, and the condition and character of the housing stock in which the population lives.*

Within, and a significant part of, the Metropolitan Center is a local . . . as the Metropolitan Council now says, "sub-regional" . . . center. Downtown, in other words, is partly and importantly a service and retail center for the entire Upper Midwest, for the metropolitan area, and for "the Minneapolis area". It is also, and importantly, the local service and shopping center for an area roughly encompassing the city limits (less a small slice of the south which probably falls within the Southdale trade area, and a part of the north end which probably falls within the Brookdale trade area). And the population of Minneapolis has dropped by 70,000 or more since 1950, when the census hit a high of about 525,000. Present estimates are more in the range of 440,000. This population is, moreover, composed relatively more than in earlier decades of a high proportion of persons over 65, who are relatively lower income; a large proportion of young people under 25, who are relatively lower income; and a growing proportion of racial minorities, who are also relatively lower income. All this affects, even if in a long-term way, the demand for employment and retail floor space and ultimately for physical development.

The population--size and character--is what it is in part because of what the housing is . . . and because of the difficulties in making significant changes.

The city was fully built-up by the late 1950s; only scattered lots remained undeveloped, after that. City policy since that time has pretty much been to start with the oldest housing in the poorest condition, near the center, and to work gradually outward.

Sector by sector, the nature of the program, and the sponsorship, varied. Earliest, in the Gateway and to the northwest, the program was largely public clearance. To the northeast into St. Anthony it was rehabilitation, under the public urban renewal program. To the east and to Cedar-Riverside, more of the initiative on land assembly and demolition was taken privately, with a supportive public role. To the south and southwest, the residential re-building has been very largely private, taking the form of the three-story walkup apartments, 11 units or 20 units or larger, spreading through the old single-family neighborhoods.

Most of the structures have been multiple dwelling. Close-in, as in the Gateway Center area, in Cedar-Riverside, and in the Loring Park area, the development has been largely high-rise--market rate, or subsidized. (The exceptions are the elderly housing projects, almost all high-rise scattered over a much larger area of the city.) Very little of the re-building has taken the form of moderate-density "townhouse" development . . . the exceptions being Town Oaks on a left-over piece of land in south central Minneapolis, and Cedarview on a small tract at the north end of Cedar Lake.

The re-building has taken the form of single-family houses in the rehabilitation areas where houses were removed one lot at a time, and in northeast Minneapolis where the very strong pressures from the St. Anthony project area resulted in the redevelopment occurring almost exclusively in the form of single-family areas. More recently, an area west of the river in north Minneapolis has been designated for single-family re-building, and the City Council is moving toward a 'down-zoning' that would essentially end the apartment construction in south Minneapolis.

From the beginning there has been concern that working from the center out simply displaces problems from the old areas into new areas . . . and that the city is, therefore, always running behind the game. By the early 1960s the *rehabilitation* projects were put in place, around most of the original *clearance* areas, as a way to deal with this problem. The city found it harder to deal with the next "ring" of problems . . . partly because the federally assisted renewal programs, on which it was then relying, required finding blight: Sound areas were expected to be conserved by the city, through its own efforts. It took some time to get local or non-federal programs into place. Simple city code enforcement was tried, but essentially set aside . . . recognizing that any successful program had to have some kind of financial assistance as a part of it. In the early 1970s these began to appear with the city and state programs of grants and loans to private homeowners for the rehabilitation and maintenance of their properties.

One major dimension of the housing problem which remains largely un-addressed relates not to the physical structures but to the occupancy of the units, and to the efforts--private and public--which influence that occupancy. Much of Minneapolis housing stock was built in a period when families were larger and consisted of two generations. Many of the units are, therefore, rather large and . . . given the age structure of the population and the preference for single-generation families . . . are today "under-occupied". One of the issues of real importance to the future of the city, and to the downtown which serves as its retail and service center, is whether these larger older units as they come on the market over the next ten years will be converted to rental status and perhaps subdivided; or will be re-occupied by strong, younger families in the traditional homeowner pattern. The strength and potential of these older neighborhoods as a place of residence was highlighted in the 1973 Citizens League report, "Building Confidence in Older Neighborhoods", and by the "Parade of Neighborhoods" conducted in June, 1975.

- \* *The effort to secure new housing for middle-income people, at something like "town house" density and design, as an alternative to high-rise apartments and three-story walkups, continues to be frustrated by the absence of workable mechanisms for assembling land and by some existing tax laws and assessment practices.*

Traditionally, land assembly was a private matter. Even in very recent years such major developments as Northstar Center and IDS Center have been carried out as private land assembly. Public land

assembly (other than for public buildings, of course) came in with the urban redevelopment programs after the war. Clearance projects permitted the enlargement and re-platting of sizable areas with a shift toward *rehabilitation* programs in the mid-'60s. However, the opportunity for this was largely foregone: Essentially they represented re-placement of one or two houses at a time, within the existing pattern of lots, blocks and streets.

Cedar-Riverside represented essentially an experiment with a new arrangement for land assembly . . . with private acquisition and private money, in the first instance; and with public condemnation and public money being brought in at the later stages, as needed, for the holdout parcels. Generally, the conclusion has been that this system lacks the necessary write-down of land values. In the more recent Development Districts, therefore, the city has essentially returned to the clearance programs of the 1950s, but using "tax increment" rather than federal financing.

Testimony presented earlier to the Citizens League, and shared with our committee, emphasized the deterrent represented by existing philosophies of land assessment. Essentially, open land in the central area is all valued in terms of its potential for the development of, say, another 40-story office tower. In a sense, of course, the assessor must do this. Conceivably, the next high-rise building could be built on any one of the several available parcels. It is also true, of course, that such a building can be built only on *one* of the available parcels: In total, therefore, it is argued, the land in the central area must be over-valued, thus deterring the development of other potential central-area developments--particularly housing, which can not tolerate high land costs.

- \* *Minneapolis officials have presented essentially this same picture of their situation, publicly and privately.*

The city's official statement to the Metropolitan Council hearing on the Fully-developed Areas September 4, 1975, said in part:

"The older developed areas of the metropolitan area cannot replace their infrastructure and simultaneously subsidize to a great extent the redevelopment of the private areas of their cities. In Minneapolis it has been estimated that \$25-\$30 million will be required every year just to replace the public facilities on a one-for-one replacement basis. Any replacement brought about by new standards such as pollution control, increased capacities that might relate to utilities and transportations, and many other factors that would suggest improving the size or capacity of the infrastructure will only add to that number. Minneapolis has not been able in recent years to achieve a full replacement schedule. You will note its programs have attempted to replace its worn-out facilities and at the same time respond to environmental regulations such as the separation of sanitary and storm sewers.

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"At the same time, we have attempted to weave into our capital investment programs projects that would induce private individuals and corporations to reinvest in the Center City. Our bond programs have contained housing rehabilitation and reconstruction, loans and grants. We have supported urban renewal programs with local finance. We have created tax increment programs to encourage the construction of new industry and new housing. . . .

"In the area of taxes, the Mayor of Minneapolis has suggested a 25% reduction in real estate taxes in all the older built-up areas to provide an incentive for private capital to reinvest in the center cities. The City Assessor speaks for an effort to equalize the tax load. Municipal Overburden does exist in the older built-up areas of our metropolitan area and is acting as a retardant on the process of getting private capital to reinvest. Tax values based on construction costs for new homes or new commercial buildings produce tax statements so high that they discourage private individuals or firms from investing in these older built-up areas.

"Minneapolis has helped seek legislation to reduce the percentage of taxation on Title II housing and has successfully sought the passage of a quality construction bill that has reduced the taxes on the various types of high quality housing.

"To date we have not been successful in designing a system that will encourage the construction of high quality commercial and industrial redevelopment that will yield higher employment and a higher level of commerce. A tax credit system should exist to encourage the private sector to reuse and to rebuild older homes and older commercial buildings. Some states have passed legislation that would encourage the restoration of historic buildings such as the Butler Square Building in Minneapolis.

"Where reconstruction appears to be the only satisfactory land reuse policy, public support will be required in a majority of the areas. Private interests cannot be expected to cope with the problem of old structure removal, the relocation of existing tenants and the problem of land assemblage. If this process is attempted privately it will produce land costs far in excess of open land and will discourage the reconstruction of the older areas.

"This problem was first addressed through the straight-forward Title I federally-assisted renewal. It has become evident in recent years that in many cases housing and commercial buildings become economically obsolescent long before they become blighted. Public laws such as the Economic Development Act should be encouraged to recycle property long before it becomes a blighting influence on the surrounding area. Minneapolis has attempted two such districts using the tax increment process and is currently considering a third project in its central business district. This procedure provides a strong planning network and a land write-down sufficient to attract private reinvestment in these areas of the city. These projects offer a total reuse of the current infrastructure, both public and private, and should be supported on a metropolitan basis to cut down the overwhelming costs of extending transportation and utility costs into the undeveloped areas and taxing the older areas for these extensions."

3. The areas around the edge of the Twin Cities region, which are residential suburbs for the central city, are becoming increasingly self-contained urban systems of their own. There has been a continuing difficulty in locating and arranging the major elements into a coherent and efficient pattern.

After World War II the Twin Cities region began to grow rapidly, almost exclusively at its outer edge. Originally it was residential growth . . . subdivisions particularly on the buildable land to the south of Minneapolis and to the north.

By the early 1950s there was increasing difficulty in using the stores, the hospitals, the doctors' offices, the offices, the recreational facilities, the schools in the older area. Rapidly, these facilities began being developed in the newly developing areas themselves. Small strip shopping centers opened along the major highways, followed by the first of the enclosed multi-store centers in 1956. A first round of hospital expansion outside Minneapolis took place in the early 1960s: Fairview/Southdale, Methodist, North Memorial, Mercy, Unity. Office developments, too, sprang up: Prudential on Hwy. 12 (in Minneapolis, but essentially suburban), General Mills in Golden Valley, Minnesota Mining in Maplewood, Control Data in Bloomington, Pentagon Park in Edina.

Two major problems have appeared.

One has been the difficulty in planning ahead for the larger-scale facilities that tend to come later in the development process. Early development frequently commits the land-use pattern. Large sites are hard to find, later. Or, they are inappropriately located or under-designed--overloading the transportation system, or conflicting with other nearby uses.

A second has been the difficulty in relating major elements of the new development to each other. There has been a question whether the retail, office, medical/hospital and perhaps industrial development should be concentrated located physically near each other--or whether they can as well appear at separate locations, within the same general 'trade area'. There has also been the question of relating these major (and usually private) facilities to the public development--involving the location and timing of major roads and sewers, especially.

Both problems result in significant part from the lack of an appropriately scaled development planning agency. The suburban trade areas contain about 200,000 or 250,000 people. Municipal government, which runs the land-use control system, is scaled from a maximum of about 85,000 down to 5,000 or smaller. Major public facilities were the responsibility of larger units of government. But the sewerage system did not really become a determining factor until after about 1970. And the highway system, dependent on municipal approvals for construction dates and design, was hampered also as a decision-maker.

We did not in this report examine in detail the particular problems of development in all the various trade areas, or sub-regions, of the Twin Cities area.

We did, under our charge, look in some detail at one particular sub-region which appeared to present a major opportunity for the planning of a new pattern in the urbanization which now seems likely over the next 15 or 20 years. This is the sub-region east of St. Paul, in west-central Washington County.

- a) Probably no other part of the urban fringe around the Twin Cities metropolitan region presents such a 'clean slate', and opportunity for a new approach to development.

The major thrust of growth has tended to be westward, from the original settlements both in Minneapolis and in St. Paul. For many years the rule of thumb, roughly accurate, was that about two-thirds of the development took place annually on the Minneapolis side of the region. In the postwar period the development began to move out the major freeways and other highways . . . to the north, northwest, south and southeast.

In the absence of major new freeways running directly east, and in the absence of large and growing cities close-by, in that direction, development did not begin moving toward Washington County from the west. The city of St. Paul did not fill up its own 'east side' until the 1960s. The Minnesota Municipal Commission did not become active on the east side of the region until after major periods of activity in Hennepin County, Ramsey County and Dakota County. In a sense the development of the east side of St. Paul 'bent' to the south and moved down Highway #10 along the east bank of the Mississippi River where the land is more suited for larger-tract development. Major shopping center proposals did not appear for the east part of the region until 1970.

The net effect is to present for the Twin Cities area the sort of opportunity for major development that we have not had in recent years . . . when major road improvements, major commercial facilities, and other large pieces of the urban infrastructure have had to be 'shoe-horned in' after much residential and light commercial development had already set the basic pattern of design of that part of the area. So far, the opportunity on the east side remains: The delays in the approval of Interstate 94, combined with the shortage of money and the uncertainties of the economy, have continued to hold back much development.

- b) There are proposed for this area on the east side of the region, however, some of the largest commercial, industrial and residential developments yet seen in the Twin Cities area.

Five sizable developments have been proposed for areas within the municipalities of Oakdale, Lake Elmo and Woodbury, and land for each has been acquired. These include:



- \* 3M Research Center. The 3M Company is proposing to build a major new office and research center in a 500-acre area roughly northeast of I-694 and Highway #212 in Oakdale and Lake Elmo. It is projected that the center could eventually employ up to 20,000 persons. The company has already prepared an environmental assessment statement which recommends that a full environmental impact statement be prepared on the project. In addition to the EIS, other major governmental actions which are essential in order for the project to be built include the rezoning of the land by the two municipalities and the extension of sewers, something which requires action by both regional and local agencies.
- \* Dayton Hudson residential/commercial development. Dayton Hudson is proposing to develop a major project in Lake Elmo on a 1,050-acre tract of land located just north of the proposed northern alignment of I-94. The proposed development would contain 4,500 residential units, a 1.4 million sq. ft. regional-scale commercial center, a 2 million sq. ft. office complex, as well as an industrial area. The first phase of the project is expected to be primarily residential, with the commercial center probably being built when the population of the area is higher than it is now. Several factors account for the slow rate of development of the project, including the current economic conditions. The success of the project is also heavily dependent on several governmental actions, including the rezoning of land and the extension of sewers. Currently, the most significant are the decisions on the route of I-94 as it runs through Washington County and the location of the interchanges along that part of the interstate adjacent to the Dayton Hudson development.
- \* Colby Lake planned unit development. The Minnesota Mutual Insurance Company owns approximately 2,300 acres in Woodbury on which they intend to construct a planned unit development that could total somewhere between 5,000 and 10,000 units. In addition, about 45 acres have been set aside for commercial use and 80 acres for light industry.
- \* Easttown. A regional shopping center is being planned by developer Robert Muir in Woodbury near I-494. He is planning a 900,000 sq. ft. center (the Dayton Hudson Center would be about 1,400,000 sq. ft., slightly larger than Southdale) and at one time was intending to have the project completed by 1976. It would be a project similar to Northtown or Maplewood Mall. Sewer service is already available to this center.
- \* Washington Central Plaza. This is a proposed 700-800-acre development to be located around the intersection of Highway #212 and County Road #15 at the junction of Lake Elmo, West Lakeland, and Afton and Woodbury. This project would appear to be a smaller-scale shopping center than the centers proposed by Muir and Dayton's. The area is not presently served by sewers, nor does the Development Framework plan presently anticipate extending sewers to the area prior to 1990.

\* St. Paul Companies. Late in 1975 this major insurance firm announced its intention to relocate the office of its Western Life subsidiary and its computer operations out of downtown St. Paul, to a new site at the intersection of Hwy. 12 and I-494.

Late in 1975, also, a decision was apparently reached on the location of I-94 across central Washington County--on a new alignment one-half mile north of the present Hwy. 12.

- c) The location of future housing development is an important complicating factor.

Major centers of this sort are normally developed to serve a population approaching a quarter-million persons. At this point, the MUSA line lies just barely into Washington County--far enough, perhaps, to permit the location of the center itself, but not far enough to permit a substantial amount of residential development to locate to the eastern side of the center.

The Development Framework policy does, to be sure, say that a municipality through which the MUSA line runs can set its precise location, in the course of adopting its comprehensive plan. This might suggest that Lake Elmo, particularly, could add a significant amount of land for development--moving the MUSA line, in effect, out to its eastern city limits. The problem is that this would involve crossing into a different watershed, which drains to the St. Croix River . . . and the policy of the Metropolitan Council has been to keep development out of central Washington County--resisting an interceptor north/south up the middle of the county, and proposing deferral of a major interchange on I-94 at County Road 15.

## Development Objectives

The central theme which has run through metropolitan planning in the Twin Cities area is the effort to maintain or to produce some concentration in development . . . 'leaning against the wind', to resist the trend toward dispersal in the attempt to deal with all three of the major aspects of the problem we have discussed.

1. Public efforts over the last 20 years have been aimed at slowing the dispersal . . . the urbanization . . . of the Twin Cities region under some limited but effective degree of central control.

- a) The scale of these efforts--almost uniquely in the United States--has been at the metropolitan, rather than the municipal, level.

The effort in the Twin Cities area has been fundamentally different from that in other urban regions, where individual suburban municipalities have been enacting staged-growth ordinances, and where the attention of planners, lawyers, builders and representatives of minority groups has been focused on a series of important lawsuits making their way up through the courts in New York, New Jersey, California and into the federal courts system. At issue, heavily, is whether these ordinances are supportable as efforts to manage and control the environment and the finances of the local jurisdiction, or insupportable as devices--intentionally or unintentionally--to exclude racial and economic minorities from the suburban areas.

There have been strong and aggressive efforts by municipalities in the Twin Cities area, too, to control their growth. Some have, to be sure, been wide open for rapid development. But a number of others have made serious efforts to retain their essentially rural character (including parts of Scott County, Grant Township in Washington County, or Little Canada in Ramsey County), and some have worked hard to achieve a regulated 'pace' of development (Bloomington through the late 1950s and '60s, currently, Brooklyn Park or Apple Valley). The distinguishing feature of the Twin Cities area, however, has been the effort to manage, guide or control growth at the metropolitan scale . . . reflecting the basic charge and authority given by the Legislature first to the Metropolitan Planning Commission in 1957, and to the Metropolitan Council in 1967. The first Metropolitan Development Guide was undertaken by the MPC and the Minnesota Highway Department about 1961 and was completed in 1968 just after the MPC had gone out of existence. It was accepted and published by the Metropolitan Council but not fully 'adopted'. The Metropolitan Council, after its creation, was involved heavily with the preparation of development guides for the individual service systems for which it was made responsible: Sewers, airports, transportation, open space, solid waste disposal, housing. After 1972, however, it became increasingly necessary for the Council to return in a major way to the larger question of the general plan . . . or, as it came to be called, the "framework" . . . within which the separate systems could be pulled together--in space, in time and in financing. This became a high priority effort of the Council and resulted in the preparation and publication of the Development Framework in late 1974 and the accompanying package of legislation, for implementation, submitted to the Legislature in 1975.

- b) The objective is quite simple: To make better use of the public investment in urban service systems, by holding back their extension to land not presently served, and by letting the next 10 or 15 years of development basically in-fill areas that are now served.

Fundamentally, the conclusion of the Metropolitan Council has been that major urban facilities and services have in recent years been extended sufficiently to provide a supply of land adequate to accommodate the development this region can reasonably expect over the next 15 years . . . and that public policy therefore should be to 'in-fill' on land already served, and not to expand the major facilities further. To provide a clear direction to the private developers, to the municipalities and to the metropolitan agencies in charge of the sewers and transportation facilities, particularly, the Council established a 'metropolitan urban service line' beyond which major extensions would not be made, to 1990.

Very largely, this reflected a growing concern about the costs--especially the public costs--of building the urban region. It incorporated, too, the earlier thrust of metropolitan planning toward an orderly expansion of the region, preserving the open countryside to the maximum.

- c) The rationale for these development-control efforts has been moving steadily toward one of practical economics.

The concept of 'orderly' growth almost as an end in itself, and the importance of preserving the region's valuable resources of open space, had been fully stressed in early documents. In the most recent period of planning, leading to the 1974 Development Framework, the recognition was strong also that the tattered character of the urban fringe meant that major investments were being made in infrastructure facilities that were not--at any given time--being fully used. The concept developed, therefore, of using the growth over the coming decades heavily to in-fill land relatively closer-in, already served with these major roads, water systems, sewers, telephone lines, electric lines, schools, and other urban public services. The Metropolitan Council has estimated the savings from this form of development at something like two billion dollars in public facilities alone, to 1990.

- d) The proposal to regulate, publicly, the supply of land has been a topic of major controversy.

Much of the concern has focused on its implications for the cost of land, and consequently for the cost of housing. Opponents argue that--prevented from going out to sites in the rural area where land is cheap, and required to build in areas where a full range of urban services is provided--they will be able to offer housing only at significantly higher prices. The Metropolitan Council, while recognizing the real concern about the cost of housing, has stressed the offsetting savings that can occur through a much fuller utilization of the facilities installed at public expense, and by a reduction in additional public investment in future years.

Partly, too, the discussion has focused on the degree of public control implied in the operation of the MUSA system. Municipalities on or just beyond the MUSA line, with hopes for growth, may resist being told they are

to remain basically undeveloped. There is likely to be some opposition, too, from municipalities within the MUSA, which had run controlled-growth or no-growth programs and which now find that the corollary of restraining growth beyond the line is to require development to take place within the line.

2. Metropolitan planning over the last 20 years has consistently called for the maintenance of two strong diversified centers--termed in the Development Framework "Metropolitan Centers"--in and around the central areas of Minneapolis and St. Paul.

The core areas of the two central cities have always appeared in the regional planning as principal centers. In earlier planning they were simply 'existing'--as opposed to 'proposed'. More recently, they have been given a separate category . . . "Metropolitan Centers", as opposed to the 'major diversified centers' in the suburbs.

- a) The Metropolitan Center is not defined precisely in geographic terms. The distinction between the center and the sub-region around it is blurred.

Earlier versions of the Development Guide discussed the Metropolitan Center pretty much as "the central business district". The Development Framework broadens this to include the CBD "and the residential, commercial and institutional areas around (it)." This definition specifically includes, for example, (in the case of Minneapolis) the University of Minnesota and the Cedar-Riverside area; and (in the case of St. Paul) the Capitol area. The Framework is not specific about just what residential area--in terms of location, or of age or type of housing, is included, or excluded.

The Transportation Policy Plan, now being prepared, calls for the encouragement of living within the Metropolitan Centers by providing a high level of transportation service for the existing and planned residential developments around the CBD. Its policies also provide for emphasizing pedestrian movement within the Metropolitan Center by concentrating parking on the edge of the core, with skyways and a circulation system to link the parking to the CBD. "An automated small-vehicle fixed-guideway system within each Metro Center would underscore the metropolitan area's commitment to the Metro Centers and strengthen the planning under way."

- b) Three policies are proposed in the Framework for the Metropolitan Centers:

- Encourage living there . . . by adding to the supply of higher-density units, developing skyways and transit for weather-protected movement within the centers.
- Attract services and institutions needed to complement the employment and residential activities.
- Improve the environmental quality, through development of the river-front potential in both centers, and through control of air and noise pollution.

- c) The Framework, and earlier planning, has generally recognized the inevitability of, and need for, a recycling of land in and around the Metropolitan Centers.

The 1966 report of the Joint Program specifically urged the use of urban renewal programs to create space for new, structuring facilities in older portions of the area. This policy--amended to recognize the use of the renewal program for the rehabilitation and maintenance of neighborhoods--appears also in the final Development Guide of the Joint Program.

The Major Diversified Centers chapter of the Metropolitan Council, in February, 1971, noted that "both downtowns have experienced substantial rebuilding and renewal of their physical plants during the last 15 years." The future, it said, "appears promising". The principal challenge, to prevent these centers from slipping backward, was transportation access. The only policy related to the recycling of land was a policy to "integrate urban-renewal-type activities with other downtown development."

3. **Metropolitan planning has consistently proposed that the new development on the fringe of the region be organized around centers, composed of the major retail, office, institutional and high-density projects.**

- a) A 'major diversified centers' concept emerged in the early 1960s, after the MPC's review of four major alternative development patterns for the region.

The dispersed pattern evident even then ('present trends') and a still-lower-density pattern (worse than present trends) were rejected as economically and environmentally unsound. A pattern of corridors of development, interspersed with wedges of green open space, was rejected as unfeasible--the 'belt line' interstate freeways being then under construction.

The pattern selected has carried different names at different times: major centers . . . multiple centers . . . constellation cities . . . major diversified centers. Essentially, it involves a planned clustering of a complete range of public and private services and facilities, at a relatively few major locations within the region: stores, offices, health-care facilities, perhaps a junior college or vocational school, recreation, and the high-density housing . . . all concentrated within perhaps four square miles of land.

Since the policies and implementation planning contemplated that decisions on many of these projects would continue in private hands, the concept of 'major centers' (and the confidence with which it was advanced) has varied with trends in the commercial and industrial development business. In the mid-1960s the market seemed to be producing, on its own, larger and larger shopping centers--which, in turn, attracted other activities adjacent to them. Unlike many other metropolitan areas, the Twin Cities area seemed to be moving toward four- and five-store shopping centers. In 1971, for example, the J. C. Penney Co. closed its store in the Hub shopping center in Richfield, and built a new and larger store in Southdale, making that a three-store center.

About that time, however, several more private developers entered the shopping-center market in the Twin Cities area. And the municipalities, still seeking major tax base, gave them welcome approval. Soon the map was dotted with substantially more 'centers' than originally contemplated.

More recently, it begins to seem likely again that the area will have the relatively smaller number. Some of the newly proposed centers have begun construction. But a number--including a number of those proposed before 1971--have not. The downward revisions of population growth, as well as the high cost of money for development and the uncertainties over public decisions on the location and timing of facilities, have made developers cautious about their commitments. It is estimated a major center needs a trade area of about 200,000 persons.

- b) More recently, the concept of 'sub-region' or 'sub-area' has been appearing in the policy planning of the Metropolitan Council.

Initially, the 'major diversified centers' were seen more as elements of a metropolitan system. This is not quite the way the developers of the shopping center look at it: They tend to see the region, in fact, much as does a drainage engineer--as a series of trade areas, much like watersheds, within each of which retail activity flows toward a central point. But the planning in the 1968 Development Guide, and up until about 1971, proposed that the next major investment in transit facilities be used to link the centers together with each other, thus emphasizing and upgrading primarily movement around the region as a whole.

More recently, the emphasis has been on improving facilities for movement within the sub-region. The rapidly increasing concern about energy, after 1973, played a part in this change--forcing, as it did, a new attention to the costs (in dollar or in energy terms) not just of building but also of operating the metropolitan area. But there was also a re-evaluation, during 1972, of the volume of and the demand for travel between and among major centers. With the growing recognition that most of the travel was between residential areas and stores/offices/hospitals/schools/etc. . . . and with the freeway system now largely in operation . . . the Metropolitan Council--in its new transportation policy plan--is proposing that investment next be concentrated within the sub-region.

The transportation planning does not appear to call for these new facilities to focus specifically on the 'major diversified center' as this has been contemplated up to now, however. Rather, the policy plan contemplates simply that the principal elements of the 'center' would be provided somewhere within each of the sub-regions.

This seems to be explainable by the absence--in the planning--of any system for moving people among the various buildings in the center other than the system of private automobile. Put another way: It would appear that the major facilities of a sub-region--retail, office, hospital/medical, etc.--must be either very close to each other, or quite dispersed. The centers that have been appearing--such as, again, Southdale/494--have in effect 'fallen between the two stools' . . . with buildings that are (increasingly, as traffic builds up) too far apart to walk between, yet too close together to drive between.

\* *Currently, metropolitan policies are ambivalent about the 'major centers' concept.*

In its revision of the major policy documents in 1974-75, the Metropolitan Council withdrew the 'major diversified centers' chapter from its overall Development Guide. In its place, the Council substituted the Development Framework . . . which contains within it policies favoring major diversified centers. At the same time, the Council is adopting its transportation policy plan, which involves the concept of 'sub-regions'. And it has under consideration for adoption in 1976 an Investment Framework which works with the term 'sub-areas'.

In a sense, the Metropolitan Council is working to concentrate development simultaneously at several different scales: At the scale of the region as a whole . . . at the scale of, and within, the sub-region . . . and, as discussed below, at the scale of the concentration of activities which forms the commercial/institutional center of the sub-region.



## Implementation Programs

1. The Metropolitan Council does have a program to implement the Development Framework objective of restraining and guiding urbanization at the edge of the Twin Cities region.

- a) Urbanization--that is, the conversion of open land to residential, commercial, industrial and institutional uses--has been seen as the major challenge for metropolitan planning and development.

'Growth' is, implicitly if not explicitly, defined as urbanization in the Development Framework--and generally, in the discussion here and elsewhere about 'urban growth policy'. Thus, the MUSA line is sometimes referred-to as the 'growth line'. The old trade centers in the southern part of the region (largely, in Dakota, Scott and Carver counties), toward which the Development Framework proposes to direct new development, are referred-to as Freestanding Growth Centers. The central areas of Minneapolis and St. Paul, areas urbanized 100 years ago, are--though proposed as sites for additional development--referred-to simply as Metropolitan Centers, not as 'metropolitan growth centers'.

Out of this focus on urbanization the implementation program has taken shape.

- \* *Development pressure . . . private investment . . . is seen as continuing.*

The Twin Cities area has been a growing area--in population, economic activity and geographic size. Though recent estimates have revised downward significantly the earlier projections of "Four Million by 2000", growth is expected to continue.

At the outer edge of the region, pressure for development is taken as a 'given'. It changes, from time to time. Some years it is rapid; some years it is slow. Some years it is pressing on the northern edge; some on the southwestern; some on the southeastern. But it is there. It does not need to be stimulated. The thrust of public policy is to manage . . . to shape . . . to guide . . . to direct . . . to restrain . . . or, in certain locations, to prohibit it.

- \* *Development does, however, require public actions and public approvals.*

Permission must be secured from local authorities--first for the zoning of land and later for construction. Municipal government is most important. Counties (except for Ramsey and Hennepin) have some land-use planning powers.

Public facilities must be built: roads, sewers, water. And, of course, the 'public' utilities privately owned: gas, electricity and telephone service. Some of the public facilities are provided by municipal government. But these 'local' facilities are often dependent on decisions about 'trunk' facilities made by larger

governments: sewers, particularly, or highways. These can be critically important if the proposed development is of substantial size.

- \* *The existing 'control system' was seen as inadequate.*

Traditionally, the view has been that public approvals would, and should, respond to proposals for private development. Many if not most municipalities have taken this attitude. While some (Bloomington, for example, after the mid-1950s; or Brooklyn Park) have run strict controlled-growth programs, others have opted for the maximum development they could get. The 'rules' of the game in local public finance have set up incentives to maximize commercial/industrial development, particularly.

The urban fringe is divided into many municipalities. They are competitive. Particularly in the earlier stages of development their resources are thin, and their experience is limited: Their ability to control development, therefore, as well as their incentive to do so, is restrained.

- \* *There is some logic in the Metropolitan Council having moved to this problem first.*

'Sprawl' is the most easily visible aspect of urban development. The building-up of the countryside, and the loss of open space and amenity, arouses the strongest feelings on the part of the residents now living on the fringe, and on the part of persons concerned about the environment. An effort directed here, as a result, has some support. Also, the Metropolitan Council seems more needed here, as a coordinator.

- b) The implementation strategy is basically shaped by the decision for the Metropolitan Council to be a coordinator of things done by others.

Fundamentally, the decision of the Legislature has been to introduce the Metropolitan Council into the process primarily as a coordinator of things done by others.

This model was first adopted by the Legislature in 1969, as it dealt with the problem of fitting the new regional sewerage program to the policy-making Metropolitan Council. The decision was to set up the Metropolitan Sewer Board (now the Metropolitan Waste Control Commission) separate from but subordinate to the Metropolitan Council, with respect to plans and finances. With variations from case to case, the same model was followed later with the establishment of the programs for open space, solid waste disposal, transit and airports. In 1974, the whole range of legislative actions was reviewed, and the relationships were standardized in the Metropolitan Reorganization Act . . . which provided, essentially, for the Metropolitan Council to produce "policy plans" for the various major systems, and for the operating commissions to produce "development programs" consistent with these policy plans.

This arrangement has not always worked as well as was intended, or hoped. It depends heavily on a willingness on the part of the operating commissions in fact to be guided by the policy plans set forth by the Council; and, most fundamentally, it depends on the Council's ability to tell the commissions, early and clearly, what it is they are expected to do. The Metropolitan Council must find a way to be directive without being detailed, and to be controlling without being specific.

The arrangement has, however, made possible a serious, in-depth, open public debate over major policies which has been highly productive.

Fairly rapidly the concept grew of giving the Metropolitan Council not the control of *agencies* but the control of *things of metropolitan significance* proposed by any agency--not only metropolitan but also local or state, and public or private. This concept was embodied in the "metropolitan significance" provisions of the 1974 legislation.

In part, this evolution in thinking about strategy and tactics reflected a change in thinking about what influences the development process.

Initially, the strategy had looked heavily toward the so-called 'major shapers'--sewer interceptors, freeways, transit lines, open space reserves, airports--built by the major public agencies. It became apparent, later, that most of the major shapers were in fact already in place, or committed. By 1973, interceptor sewers had been rapidly extended; the freeways and state highways were built, radiating out into the surrounding rural area in all directions; and the other necessary utility services were available to individuals and developers wishing to move out beyond the edge of the urbanized region. Increasingly, therefore, there was a sense that what 'led' the development cycle was the residential land use decision. And this meant, in turn, that the metropolitan development-control effort must relate heavily to the housing industry, private and highly decentralized as it is; and to municipal government, which controls zoning, platting, building permits and the whole process of subdivision and construction.

The "mandatory planning" bill submitted to the 1975 Legislature therefore called for the Council to indicate through "metropolitan system statements", based on its policy plans and the development programs, just where capacity in the major systems is to be provided, and at what scale, at what year; with the Council then relying heavily on the municipalities through their own traditional systems of land use control and building regulations to 'detail' the development pattern within their own jurisdictions.

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- c) The effort, then, has been to provide some central direction from the metropolitan level for the public decisions made about development.

Two things were necessary: First, a regional decision on where development should and should not go; and, second, the requirement for the agencies building facilities to be guided by regional plans and priorities.

- \* *The decision on 'where' was provided by the MUSA line.*

The basic policy in the Development Framework is to hold up the further extension of major urban facilities and services and to 'in-fill' for the next decade or so, steering development into land already served. Calculations were made of the land presently available, and its location . . . and of the demand for land for development. The intent is to provide roughly a five-year advance supply. The line was drawn partly as a simple way to make it clear both to the metropolitan agencies and to the municipalities where development would be permitted, and where it would not. This is *general* direction: Later, as municipalities make their comprehensive plans, there may be some local variation.

An alternative concept of a MUSA was proposed to the Council. This would have involved a number of development areas, around the 'major diversified centers', existing and proposed. It would have created a MUSA looking, on a map, more like a tambourine. It was not accepted by the Council.

- \* *The requirement for conformance to regional plans has been provided, over the years, by a combination of federal and state authority.*

The major elements are:

- The A-95 review. Since 1966, federal law has required the review by a metropolitan agency of applications for federal aid for most public development projects--local, regional and state. Federal agencies are not bound to the Council's findings and recommendations. But the review carries major weight.
- The policy plan and development program. In the Metropolitan Reorganization Act of 1974 the Minnesota Legislature drew together and expanded directives to the Metropolitan Council to set out the general location, timing, design and cost of major projects, and of major systems; and requiring the specific development programs of the metropolitan commissions to be consistent with these 'policy plans'.
- Cooperative metropolitan/municipal planning. In 1975, as a major step in implementing the Development Framework, the Metropolitan Council sent to the Legislature a proposal for a stronger linkage between regional and local land-use planning. It was approved in committee in 1975 and is waiting final legislative action in 1976.

Generally, it provides that the Metropolitan Council set out a comprehensive 'systems statement' indicating the capacity that regional agencies intend to provide, at particular locations and at particular dates; and that municipalities adopt comprehensive land-use plans consistent with the systems statements. It would also set up a regional program of financial aid for municipalities, to carry out this required planning. The question of how to reconcile differences that might appear between regional and local plans is not, as of the start of the 1976 session, resolved.

- \* *An important additional coordinating mechanism--the Investment Framework--is now being prepared by the Metropolitan Council.*

The coordination of plans and projects is a necessary but not sufficient condition for really coordinated development. It is essential also that the money to finance the projects be scheduled and available, to the proper agency at the proper time.

Generally, the Investment Framework provides for a policy--a limit--on metropolitan spending and borrowing; establishes a coordinated capital budget for metropolitan functions; establishes priorities for regional investments; and looks toward a role for the Council in coordinating the projects of several agencies that make up a particular 'development'--as, for example, the zoo . . . or a 'major diversified center'. It also proposes a revolving fund for metropolitan assistance to municipalities for capital development.

- \* *Some other elements of the program remain to be added.*

A study of ways to protect the agricultural parts of the Rural Area is being completed, and may lead to proposals to use the 1967 program of tax-abatement for farm property not only to help shape development but also for the protection of valuable farmland as a high-priority end in itself. The question of controls on septic-tank development remains before the Pollution Control Agency. And there is concern that--since the Council's authority covers only the seven-county region--development might be encouraged simply to skip over, into outlying counties--particularly to the northwest, where the low-tax situation created by the huge center for electric power generation in the Monticello/Becker area represents a powerful inducement for residential development and long-distance commuting.

2.

The Metropolitan Council has not proposed a program to meet the Development Framework objective of maintaining the Fully-developed Areas and the Metropolitan Centers.

On the fringe--the Area of Active Urbanization--private investment is occurring: The problem is to direct it into an appropriate pattern.

In the core, the situation is reversed. The problem is insufficient private investment--for maintenance and for re-development. Or, put another way, the need not to guide private investment but to *stimulate* it.

- a) The Development Framework program will not serve to stimulate investment in the built-up area, indirectly.

In the metropolitan region of Toronto, we have been informed, the planning authorities maintain essentially only a one-year 'inventory' of developable land--extending sewers and other services, annually, only to provide for the new year's increment of growth . . . or that part of the increment they decide should be accommodated on open land at the fringe. This serves powerfully to maintain values in the developed area, and to stimulate investment there.

The Development Framework, however, draws the MUSA line 'five years out' beyond the present built-up area. In effect, it restrains the dispersal of the region as a whole into the countryside, without restraining the dispersal of the older built-up area into the open land within the MUSA line.

- \* *A major question also arises with respect to housing, which greatly affects the residential portions of the Fully-developed Area.*

Much of the controversy over the Framework . . . whether or not there is in fact enough land available for development within the MUSA line . . . turns on certain assumptions about the amount of land that will be needed. And these, in turn, depend on decisions not yet made--or addressed by the Metropolitan Council.

The Metropolitan Council has estimated an additional 380,000 housing units will be needed in the Twin Cities area by 1990, reflecting the increased number of households resulting not only from population growth but also from the movement of the young people born in the 1950s into the family-housing market.

It may be (and perhaps has been assumed) that the additional units added to the region's housing stock will be the type of unit desired and required by the new, younger families: i.e., single-family houses. If so, the land requirements would be relatively high, since these units are typically built at about 4-6 units per acre. The requirements would also occur on the fringe of the area, since only there are there parcels large enough for the 'subdivisions' in which this

housing is typically produced. None of this would be particularly difficult: It would essentially continue the pattern of housing development we have had since World War II. The problems are likely to be financial: Even with a rising proportion of two-income households, these younger families are probably lower in income-earning power, and with construction and financing costs high the subsidy needed to enable them to have a newly built house of their own would be relatively high.

The figures by themselves, however, say only that a certain number of additional units is needed. It would be possible, also--though certainly a more complex strategy--to find places for these new, younger families in the existing housing stock. That is, in houses that have come on the market as their owner/occupants, whose children have left the family home, move to other (probably townhouse or apartment) units. The public strategy, under this alternative, would be to add into the stock, much more heavily, these apartment and townhouse developments for occupants age 45 and older, who are relatively near the top of their income-earning power and therefore much more in a position to pay market rate for their dwelling units. The land requirements under this strategy would be significantly different: The higher-density townhouse and 'multiple' units have proved attractive, in the market, not only in the suburbs but also in 'amenity' locations overlooking lakes and rivers in or near the core of the area. Relatively more of the younger families would then, also, be moving into neighborhoods of existing single-family homes--in the central cities and, importantly, in the early-postwar suburbs.

b) The Metropolitan Council has not proposed a program to stimulate development in the built-up areas, directly.

In the competition for development, the built-up areas are at disadvantage, relative to the open land on the fringe:

- \* Land subdivided many years ago must be reassembled--which can be a slow and expensive process.
- \* Buildings must be removed, in most cases. This is not a great expense, in itself. But the relocation of businesses and residents is difficult and expensive.
- \* Taxes and other holding costs are frequently higher.
- \* Political approvals are slower, contributing further to the 'front-end' costs of development.
- \* With the surrounding area already fully developed, and usually with buildings 40 years old or more, the opportunities for land-value appreciation are smaller.

The Council's intention was to move on, in the second stage of its work, to the problems of the Fully-developed Areas and Metropolitan Centers. In the fall of 1974 it said it would begin, next, an 18-month study jointly with Minneapolis and St. Paul.

This was not begun, however---partly because of a shortage of funds in the Council, in 1975.

In the summer of 1975 the Council conducted a further set of hearings on the problems of the built-up areas. But it did not have a specific set of proposals out for review and comment: It simply laid out a set of questions, to which interested parties could speak.

The concept of the Metropolitan Development Fund, as it appears in the draft Investment Framework, seems broad enough to cover assistance to the units which contain the Metropolitan Centers. It proposes, for example, that in municipalities whose annual investment programs are unable to keep up with the deterioration of public facilities, the Council will try to provide special help, through its comments on federal-aid applications or from funds directly available to the Council. The document does not discuss or mention the Metropolitan Centers, however, in specific terms. And it is, still, at this point, a concept.

- c) A part of the explanation for the absence of an implementation program lies in the failure of Minneapolis and St. Paul to seek the Council's assistance.

The central cities have not pressed the Council until recently to take on this larger dimension of metropolitan development; and it is likely they would have resisted had the Council tried. The city government of Minneapolis, particularly, has not involved itself deeply in support of its own interests as these are affected by things done by other parties outside the boundaries of the city. Not, for example, in decisions of the Minnesota Municipal Commission on the incorporation of new municipalities; or in decisions about the design of highways in the suburbs, or in decisions about the sewerage of the region since the creation of (now) the Waste Control Commission in 1969. This is understandable . . . in terms of the time pressures on central city officials, and partly in terms of the structure of Minneapolis government, which provides the City Council no time and the mayor no resources for these questions of 'foreign policy'.



3.

the Development Framework does not have a policy for the development of 'major diversified centers' within the newly developing area.

The Framework, and the mandatory planning and Investment Framework documents following behind it, do of course involve more than just the establishment and enforcement of the MUSA line. They involve and will in significant degree shape the whole pattern of development in the Area of Active Urbanization.

Yet they are unlikely, even so, to produce the 'centers' contemplated by the policies.

- a) On the fringe, no coordinating mechanism is provided--at the multi-municipal scale at which the 'major diversified center' or the 'sub-region' exists--to pull together the development that is occurring.

\* *The implementation programs being developed for handling the new development at the fringe do provide some of the necessary tools.*

The ability to draw together the major metropolitan systems and projects, in a really coordinated way, will be particularly important. So would--if actually achieved--the tools and authority proposed in the Investment Framework . . . for example, to finance front-end costs, or to direct the flow of federal aid for development in relation to metropolitan priorities.

\* *By themselves, however, these are unlikely to be sufficient.*

- The major commercial, institutional and industrial developments which make up the 'diversified center' frequently are--in total, and sometimes even individually--found in two or more municipalities. They are frequently made up of separate and competing private projects, as well. On occasion, even, the competing land-holdings lie in separate and competing municipalities. In this situation, a 'major diversified center' as contemplated in the policy plan is unlikely to emerge. Some mechanism to pull the major elements of the center together almost certainly would be needed. And none is provided, in the implementation for the Development Framework.

-- There is no program of land-ownership or land-assembly -- Nothing is proposed that would produce the consolidated tract on which development could proceed as a single project--as it does in a 'new town'. There is no proposal for public land-acquisition. There is no proposal for public assistance to private developers in assembling land.

-- No major public investment would draw the elements together -- Public control over the location of sewer service, and over the location of roads and interchanges, can determine where major development will not occur. But, within the large area served with sewers and with roads, these investments do not determine where such development will occur . . . or, beyond that, whether it will take the form of a 'center'. The plan does not provide for public investment to form, or to finance, the facilities *internal* to the center. Officials of the Metropolitan Transit Commission have at times suggested, for example, that the public provide a system for the movement of people between and among the buildings within a 'major diversified center'--as a basic

alternative to the traditional system of movement among buildings by persons in cars, over roads. Some planning has been done for the installation of such a skyway-type or horizontal-elevator system within existing centers where the present movement system is now producing serious vehicle congestion. So far, however, no planning is being done for the installation of such an internal movement system, as a public 'shaping' investment, ahead of development.

- No multi-municipal mechanism is provided -- The planning legislation and the Investment Framework, as drafted, relate to individual municipal and county units. The land-use responsibilities assigned to counties would only be for the unincorporated portions of their territory. So the key decision on designating a site for the 'center' would be difficult, if not impossible, to secure.
- No 'model', or inducement to do a demonstration, is provided -- The Development Framework is a metropolitan plan. Within the area set aside for urbanization, no preference is expressed for more or less development, sooner or later, on one edge of the region rather than another--north or south, east or west. It does not contain a plan for any sub-region, or for any of the designated 'major diversified centers'--or a model which, even if it were not prescribed, might represent a new and better pattern of development which the local units, with the new tools provided by planning and by the Investment Framework, might build.

- b) The Metropolitan Council appears ambivalent about what pattern the major development in the Area of Active Urbanization should, in fact, take.

The 'major diversified centers' chapter was withdrawn from the Development Guide when the Development Framework chapter was adopted.

The concept of such a center remains, however, in the Development Framework plan.

Still, it is not clear whether this is presently conceived-of as a single, physical concentration of major office, retail, institutional, medical and other activities; or whether there is to be a number of such concentrations of major activities, at different locations within the sub-area.

## DISCUSSION OF RECOMMENDATIONS

### The Dispersal of the Region

1. *What does our recommendation contemplate, specifically, with respect to the resolution of differences between the metropolitan and municipal plans?*

We have not explored in detail the specific mechanisms proposed. Our concern is that, in any arrangement set up for resolving conflicts, there be preserved the general principle -- which we believe is appropriate -- that, in the end, the agency with the broader jurisdiction should make the final and determining decision. The buck, in other words, has to stop somewhere. And in this case it ought to be on the desk of the Metropolitan Council.

The proposal now before the Legislature provides very simply that: "To ensure conformity with metropolitan systems plans, the Council may require the modification of any program or part thereof which may have a substantial impact on or contain a substantial departure from metropolitan systems plans." It may be that is too unilateral, providing too little of a balanced reconsideration of a development issue, in cases where a municipality's comprehensive plan or development program set out some different course of action.

The Association of Metropolitan Municipalities has proposed an alternate mechanism, under which conflicts between metropolitan systems statements and municipal comprehensive plans would be submitted to a board of appeal, consisting of three members: one named by the Metropolitan Council, one named by the affected local unit, and one chosen by the other two, from a list prepared by the State Planning Director. The persons on this list must be former local elected officials. Our feeling would be that this, while it introduces some fuller reconsideration of an issue in dispute, basically violates what we regard as the principle as to where the final decision ought to rest.

One other idea has been discussed, we are aware, which represents in a sense a compromise between the two. It is for a dispute to be submitted to an independent hearing examiner, under the state's new administrative procedures code. This examiner would make a record of the disagreeing positions, would make a recommendation as to the way in which the disagreement ought to be resolved. This would not be binding on the Metropolitan Council, which would retain the right of final decision--although it would, practically speaking, be difficult in most cases for the Council to go against the recommendation of the examiner.

Finally, it is worth noting that--in this situation, as in so many--the best way to resolve such disagreements is not to have them developed in the first place. Under the planning system being designed, conflict between the metropolitan systems statement and the municipal comprehensive plan can be minimized, if not quite eliminated, by decisions made about what is, or is not, provided in the metropolitan systems statement. (This statement is proposed to be a first document the Council sends to the municipalities, at the start of the planning process, stating in effect what the metropolitan agencies have in mind for a particular part of the region: What capacity is, and is to be, provided; in what facilities at what location; at what year.) The systems statement is not a new point of policy decision by the Council: Rather, it is simply a collection of plans and projects taken from decisions made in the

process set up by the Metropolitan Reorganization Act of 1974, for the preparation of 'policy plans' and 'development programs' by the Council and the metropolitan commissions. This process is open for participation by municipalities . . . and a city, thinking ahead, might well propose as an amendment to the annual development program for, say, sewers and waste-control facilities, some change that would make the development program (and hence, later, the systems statement) conform to what it had in mind proposing in its municipal comprehensive plan. Later, than, no conflict between the two.

2. *What would the 'monitoring' of the effects of the Development Framework policy cover?*

We recognize most of the interest, reflecting the principal debate, has been about the cost of land as a part of the cost of housing.

We would like to see a monitoring that goes much beyond that. There should be a monitoring of other elements that enter in to the cost of housing--construction cost, financing cost and the cost attributable to municipal requirements on improvements, for example.

But the Metropolitan Council's case for the Development Framework policy has never turned solely on the question of whether housing costs would increase, or not. It has been a broader case . . . arguing in effect that even if there were some increase there would be offsetting benefits. If so, these should be demonstrated. Therefore, the monitoring will need to keep track of the costs of development, public and private.

Even beyond this, there must be an effort to follow the trends in development as between the urban fringe and the urban core, or Metropolitan Center. Although no policy, or objective, has been set . . . as to the share of the region's annual increase in retail or office square-footage, or housing units, which goes to the fringe versus the core . . . this remains one of the most important indices for the Council to follow. Essentially, it measures the success of the policy favoring the maintenance and redevelopment of the Metropolitan Centers.

3. *How would this monitoring be done, and by whom?*

No doubt a complex--and expensive--program could be designed, to follow the intricate workings of the residential and commercial market. We urge that the monitoring be kept simple. The most important fact is that there is virtually no 'feedback' monitoring now. Anything we add will be an important gain. We should pick a few relevant, important items, and follow these currently and accurately. The system then can be sophisticated, gradually.

We think the Metropolitan Council should, generally, be in charge. It should draw in other agencies which now keep track of selected indices: of new utility connections, for example . . . or apartment vacancies . . . or building demolitions. It should work closely with the housing industry. The report should be a major element of the Council's annual 'state of the region' report. Public hearings would be appropriate: both before and after the report is completed and released.

4. *What should be done if the monitoring indicates that housing costs are, indeed, rising--and not offset by savings in development costs?*

One temptation, we suspect, would be to maintain the MUSA but to move toward some kind of larger program of subsidy to housing development, to ease the cost burden being created. We urge that this be rejected, from the beginning.

Rather, the MUSA line should be loosened, enlarging the supply of land available for development. It might also be desirable, at the same time, to work further for the reduction of housing costs by lifting some of the municipal requirements that tend to push up housing costs, where these exist.

### Metropolitan Centers

5. *How important do you feel the assembly of land really is, in facilitating the re-building within the core area?*

Not necessarily most important . . . but, still, important and needing improvement. There have been a number of attractive and successful developments--compatible with the adjoining neighborhoods--in recent years, in Minneapolis . . . on sites that happened to be left over, or were made surplus, by changes in the school systems. The archdiocese, for example, released the two-block site on which the Town Oaks development was built, in south Minneapolis. And the school board has made available half-block or full-block sites, from its program, which has involved closing and demolishing old schools, and building new schools at other sites.

So the sites, where they exist, are important. But they are accidental: There is no ongoing program to make them available, in an orderly way.

The Citizens League dealt with this problem in its report in 1971. It is worth quoting here a part of what that report proposed:

"We envision this kind of planning working considerably farther ahead of actual rebuilding than has been the case in urban renewal. There, the effort has been to get the land cleared and rebuilt as rapidly as possible, once the decision was made to make a change in land use. It seems to us, on the other hand, that the changes under way in the city can be observed and projected some distance ahead. There can be time, in other words, for people to adjust to the idea of a move and wait for parcels to become available.

"Given time, opportunities of several sorts are opened up to have a maximum part of the land acquisition conducted by private parties with private resources. For example, one existing owner may begin to acquire nearby lots, or some "outside" developer may begin to put together one sizable parcel. Or, various smaller owners may combine their holdings to form a large parcel, in which each of the former owners holds a proportionate undivided interest. Within the urban renewal framework a substantial parcel assembled in any one of these ways could be excluded from public acquisition on condition the owners agreed to rebuild in accordance with the plan for the area. This is essentially what eventually occurred in the Cedar-Riverside neighborhood. The urban renewal program could then be used

to acquire publicly any remaining parcels, and this land would be put up for sale. The 'housing development district' program proposed by the City of Minneapolis in 1970 worked essentially this way . . . but would have operated directly under the City government and not through the Housing Authority. Both, however, would have relied on the use of eminent domain to acquire the parcels that could not be assembled by the original parties.

"A number of alternatives to condemnation, however, do exist . . . which still offer some real promise of getting the full parcel together for rebuilding. Along with the negotiated purchase program of the private party (or parties) could go a negotiated purchase program run by the City. That is, the City might be authorized -- as the Minneapolis City Council President did propose in 1970 -- to negotiate with owners for purchase of properties, whether blighted or not, and outside as well as inside an urban renewal area. The City could lease the property back to the owner, or to some other occupant, for whatever period of time remained before the start of the proposed rebuilding program. Or the City might simply take an option to buy. This approach might be particularly useful in a block, for example, in the older city designated for rebuilding ten years from now. If it were bought now by a couple that might live in it 20 or 25 years, it would be a difficult acquisition problem at the time the rebuilding began. The City might forestall this problem by picking up the house and entering into a fixed tenure lease with the new occupant.

"The committee was also intrigued with the possibility of borrowing from the oil industry the principle of the 'unit operation'. Under this approach, the full parcel is assembled, not by forcing a holdout owner to sell his property to the public (which then would resell it to another private party), but simply by requiring what the oil industry calls an 'unsigned interest' to join the majority group, in return for his fair share of the return from the project. (This program in the oil industry has been more fully described at another point in this section of the report.) Alternatively, a 'cash take-out' should be permitted.

"One other 'tool' available to the public to encourage the assembly of land has to do with the valuation of property for tax purposes. Again: Assume there are in a particular area designated to be a planned unit development several properties owned by landlords for speculative purposes which choose not to sell to the principal developer or to the City. It may be decided not to move either to condemnation or to any kind of 'mandatory pooling of interest'. But it might be fair enough, nevertheless, for the public to assume that the price asked by the owner should also be the valuation on the property used by the assessor for the calculation of future taxes. This could have the effect of discouraging prices for the last remaining parcels so high that they make it impossible to assemble the tract by negotiation."

6. *Can you explain more fully the role of public-works projects in stimulating private development within the Metropolitan Center?*

The opportunity for land-value appreciation has been one of the major attractions to development. And the presence of a substantial element of land-value attraction has been a major factor in the superior appeal of the outer urban fringe. Land prices are low, to begin with. Then public zoning, and public

streets and sewers--if they can be secured--make the property salable for development, at considerably higher prices.

In the core areas, by contrast, the land is already high-priced--reflecting past development. Some new 'spark' is needed, to set off the cycle of land-value appreciation and further development. Frequently, in the core areas, too, public improvements are used for this purpose.

In its Investment Framework the Metropolitan Council proposes a priority on investment for the developed areas. But we cannot see that even a priority for the rebuilding of an existing street, or the replacement of an existing sewer, provides that spark of something new.

A Citizens League report in 1974 suggested a way in which transit development might be used to do this. Again, a passage from that is worth quoting, as a fuller explanation of one idea we urge the Metropolitan Council to consider, as it puts together its implementation program for the Metropolitan Centers.

"Transit improvements which would encourage shorter trips have been talked about but have not received the priority which they deserve. For example, the MTC plan includes support for internal circulation systems which would serve concentrations of housing, employment, shopping, and land uses in the same general location (the major diversified centers throughout the region). In effect, such internal circulation systems would be designed to provide superior mobility within a fairly small area, meaning that short trips would be aided because it would become particularly easy to take short trips. Internal circulation systems can take many forms. Their important characteristic would be that they would make it easy to take short trips, say, up to a mile or two. Such systems could be non-vehicular or vehicular. That is, an enclosed walkway is an internal circulator. The vehicles could be bicycles, mini-buses or other vehicles which are not fixed to the guideway. Or the vehicles could be automated and fixed to a guideway, operating as an internal circulator.

"The creation of internal circulator systems which provide much better mobility within major diversified centers will support the already-evident tendencies for more residential development in and near such centers. Again, if more housing locates here, this will mean more shorter trips, rather than longer trips."

\* \* \* \*

"From our standpoint the *residential* component is absolutely critical to the success of the major diversified center.

"The amount of higher-density construction which will be built in the Twin Cities area is not unlimited, although it is clear that in coming years a significant portion of new residential construction will be higher density. A 1973 law was designed to further stimulate high-rise construction by providing for a lower taxable valuation for high-rise as against garden-type apartments. But there is still only so much of this kind of development to go around. For example, a recent study at the University of Minnesota of different land uses in the metropolitan area under a variety of assumptions

indicated that the overall proportion of dwelling units built as high-rise would likely remain fairly constant, about 8% of all new dwelling units. This percentage remained constant even under an assumption that two-thirds of all new dwelling units would be multiple family.

"Because only so much new high-rise construction will be built, the question of its *location* becomes very important. We are saying such high-density development should be located mainly within those locations identified by the Metropolitan Council as major diversified centers.

"Already, there is evidence of strong interest in more high-density residential development in and immediately adjacent to the downtowns of St. Paul and Minneapolis. Internal circulator systems will be needed there to serve the transportation needs of the thousands of anticipated residents."

\* \* \* \*

"From the standpoint of this report, however, we are viewing each internal circulator as being fully self-sufficient in its own right, whether automated or non-automated, vehicular or non-vehicular. It does not need a connection with another system. Remember, we are urging the internal circulators to make it easier to take short trips within centers. They are not being proposed to assist in movement between the centers. Some persons would argue, moreover, that a major diversified center's attractiveness as a location for new development would be diminished by connecting it with a regional network because the center's particular advantage would be lost."

7. *Why does any more study need to be given to the tax-increment financing question? Hasn't that been pretty well examined, as a result of all the discussion in recent months?*

Certainly, there has recently come to be a fuller understanding of this device for financing redevelopment. The discussion has not, however, either in the political debate or in the studies being conducted--tended to focus on what we regard as the major issues.

Attention has concentrated, that is, on the organizational and management aspects of tax-increment financing. And there has been a tendency to debate the pros and cons of this method of financing without sufficiently challenging the basic assumption that it is at the municipal level that the responsibility for financing redevelopment ought to rest.

Our first concern has to do with the fiscal implications of tax-increment financing, which we think are broader than just the question of the proper level of city debt. Our concern is that, in effect, the tax increment is already spoken-for. Increases in commercial/industrial valuations are precisely what the city has long depended-on to carry a large enough share of the rising cost of general city services, to permit a reasonably stable level of local general property taxes to be maintained. If the tax increment is, now, diverted to repay the costs of the new municipal redevelopment program, the impact of rising city operational costs must fall, instead, on the other property-tax base in the city. There are some important qualifications to this point . . . but it is an important one, which we think has not been fully enough debated, as a result of the desire, politically, to represent that tax-increment financing as 'self-financing'.



The central need, in other words, is to look not only at the economic feasibility of the redevelopment projects but also at the financial viability of the city's operating budget, and at its ability to maintain even the present level of services. What levels are going to be set? What, then, would the cost requirements be? How do these project, five years ahead? What will the property-tax rates have to be? What will the state aid need to be? State aid is particularly important: Minnesota appears to have its state and local governments more deeply involved with each other, financially, than any other state in the nation. The rate at which high levels of property taxes in the older cities pass through into higher aids, and therefore into non-property taxes raised by the state, fundamentally justifies and requires a much higher level of state legislative understanding than presently exists of the financial policies--capital and operating--being followed by these cities.

There is not, we concede, much precedent for the planning of expenditures and tax revenues. Few elected officials have been known to affirm, publicly, on any kind of long-term basis, that taxes are likely to rise. The public is so well aware, however, that taxes do, inexorably, rise that it is doubtful if citizens would be either surprised or offended if the government were to begin planning for this on a more orderly basis.

Our second major concern--once the fiscal implications of the current redevelopment system are known, has to do with the level of government at which the costs of redevelopment ought to be financed. We have not ourselves thought through this difficult issue in detail. But we do know that this began as a program of federal aid . . . and that it came to rest at the municipal level not as a consequence of some careful determination that that is, in fact, where the responsibility most appropriately belongs, but as a result of the fact that the federal government simply 'got out' and the fact that the city then picked it up on the assumption that nobody else would. But the state is apparently being drawn in, in-directly. And the Metropolitan Council--in its policies for the development of the older areas--has said there is a regional responsibility (so far unspecified). And the chance remains that, even if the responsibility is left with the municipalities, it may prove--as a practical matter--an economic burden impossible for them to carry.

Our strong conclusion is, as a result, that the costs of re-building, which the Twin Cities region is now beginning to experience early in its second century, is a major issue, which must now be thought-through in the most serious way, over the next several years, in a broad process that involves not only the municipality but also the region and the state as well.

The Metropolitan Council is not the only possible agency to take principal responsibility for this effort. But, on balance, it seems to us the best. Its central charge is to identify and analyze major problems of the region, and to bring to the Legislature well-considered proposals for action.

We recognize, however, that the Council has had some trouble with issues of public finance in the past. It has proved difficult to draw the members of the Council as fully into the intricate issues of local public finance as they have been able to go into, say, airports, or transportation or even the Development Framework itself. Their involvement will be critical, if the whole process of thinking-through this problem is to work.

And--however well the Council works--the process as a whole will not succeed if it is confined to the Council alone. The issue of financing development and re-development must now move to the top of all the institutions that concern themselves in a continuing way with the public life of this metropolitan community. It is where this broad-based discussion of an issue has occurred that major progress on difficult issues has been made.

### Major Diversified Center

8. *Are you calling actually for the development, now, of such a center in the area east of St. Paul?*

Development might or might not be ready to come, at an early date. We can not be sure. Certainly the pace of development activity has slowed in the region. Perhaps the expansion of population, even possibly jobs, has slowed. On the other hand, it does appear that some individual projects are real, and will move ahead: the 3M Company construction, for example, or the office facility for the St. Paul Companies.

It is important, at least, to put together--at last--a proposal for a center . . . and for that entire sub-area. This could do as much as anything to clarify whether the center will, or should, go ahead, or not.

In preparing the proposal and plan the Metropolitan Council might usefully review the work done for the Minnesota Experimental City project. That was envisioned, of course, as a free-standing city--some hundreds of miles from the Twin Cities area. Yet it contemplated a city of about 250,000 . . . roughly the same size as the trade area of a major diversified center. And, back in the early discussion of this 'experimental' approach to urban development, some of the professional opinion held that this should be fashioned out of a major increment of the growth of the metropolitan area, rather than being a free-standing economic entity. The Council might also draw on the work done over the last three years by the Metro East organization, for a new pattern of land use and open space.

### Housing

9. *Is the idea you advance, for encouraging people to move out of their houses so these can be made available for the new, younger families, really a practical one? Isn't it in conflict with what we know about the working of the housing market?*

We are well aware of the difficulties of such an approach--which have probably in some respects been made greater in recent years by changes in the property-tax laws which represent inducements to persons to remain where they are.

We are also aware, however, of the cost of constructing new single-family homes for all the young families being formed . . . and aware, at the same time, of the problems of maintaining the existing houses when occupied by older persons, who tend to lack the economic capability, the physical capability and in some cases the motivation to keep up their property. It simply may be that ways will have to be found to stimulate the turnover of ownership in the housing stock, so the new and younger families can move into these older houses rather than into mobile homes or apartments.

The main point is that no one has, so far, thought through carefully what might need to be done, or what might be possible . . . or how such a policy might be carried out if it were found to be desirable. Certainly the Metropolitan Council is quite candid that it has not conducted such a policy analysis.

We do not know what such an analysis would, or should, conclude. We do feel confident that this is a major issue in the community's housing policy, which must be explored.

## WORK OF THE COMMITTEE

### Assignment

The Citizens League has had a long interest in the problems of metropolitan planning and development. In its early stages, this involved principally the structure for regional decision-making. One report in 1965 reviewed problems with the structure of the then-existing Metropolitan Planning Commission, and a second, in 1967, proposed a new structure for regional planning and policy-making. Following legislative creation of the Metropolitan Council in 1967, the League created a 'metropolitan development guide' committee to address the substantive issues of land use and urban physical development. The committee concluded, however, that the community could not address these issues successfully until it had a much stronger structure for implementing regional decisions. Several years of work with these problems followed, and it was not until 1974 that the League turned its attention again to the major question of 'the plan' itself.

The present committee was formed in the fall of 1974, when the Development Framework plan and strategy was under consideration in the Metropolitan Council. It met a total of 31 times, from December, 1974, until January, 1976. In addition, a subcommittee met during the summer of 1975 on ten occasions.

Its charge from the Board of Directors was:

"The committee will review the evolving policies and strategies of the Metropolitan Council as emerging in its Development Framework study. This review is to be undertaken against the background of specific locations within the seven-county metropolitan area where major development questions are emerging: (d) central Minneapolis; (b) the yet undeveloped area between St. Paul and the St. Croix River."

In the early stages of its work the committee focused fairly heavily on the issues surrounding the 'metropolitan urban service area' concept, and the program of planning proposed to implement it . . . these then being uppermost in the community and legislative debate. The legislative session of 1975 ended before the committee made its report, and with these planning issues unresolved. During the summer of 1975 a growing amount of controversy developed around the municipal programs of redevelopment, particularly in Minneapolis. This was directly related to the charge to the committee, and required some intensive further study--even at the cost of a significant extension of the time required for the committee to complete its work.

In its deliberations, the committee drew on the conclusions and proposals of a number of other Citizens League reports, issued during the period 1968 to 1974. Among them are: Growth Without Sprawl; Building Confidence in Older Neighborhoods; Better Use of Land and Housing; and Transit: Redirect Priorities Toward a Small-Vehicle System and Shorter Trips.

## Membership

A total of 45 members participated actively in the work of the committee through deliberations on conclusions and recommendations. It was chaired by Greer E. Lockhart, an attorney. He was chairman of the League's Metropolitan Development Guide Committee, 1967-68. The members included:

Donald D. Anderson	John Hoeschler	Philip Raup
Dan Biersdorf	Richard Lewis Johnson	Thomas Reiersgord
Marvin Bunnell	Robbin S. Johnson	Henrietta Schoeller
Pierce Butler	William C. Johnson	Gerald Simonson
Sandra Champion	Larry Laukka	Irma Sletten
Roger Conhaim	James Martineau	C. M. Slocum
Hendrik DeJong	Patrick Meagher	Jack Takemoto
Ann Duff	Edward Moersfelder	Preston Townley
Ray Frellsen	J. Dudley Moylan	C. Dave Urbanski
Kathy Gilder	Thomas Mulcahy	Robert Van Hoef
Anton Hanson	Martha Norton	James Werntz
Ray Harris	William Payne	Keith Wieteck
Jean Heilman	Elizabeth Power	Cecil Young
Peter Hendrixson	T. Michael Power	Kay Zander
Arlene Hills	Hilda Pridgeon	

The committee was assisted until September, 1975, by Glen Skovholt of the League's research staff. After his resignation, it was assisted by Ted Kolderie. Jean Bosch provided secretarial support throughout.

## Committee Resources

The committee was provided with the basic documents emerging from the Metropolitan Council's Development Framework planning, and with related materials illustrating the debate over it--especially, within the housing industry and the community of local government officials. In addition, it reviewed materials from the growth-control effort in other metropolitan areas.

The principal resource, however, was the testimony of public officials and private citizens involved with the regional development planning in the Twin Cities area. Members and staff of the Metropolitan Council were particularly helpful, with data and with explanations of the planning analysis being used.

Those who met with the committee included:

Neil Gustafson, then associate director, Upper Midwest Council.  
James L. Hetland, Jr., vice president for urban development, First National Bank of Minneapolis.  
Ollie Byrum, director of comprehensive planning, Metropolitan Council.  
Bob Davis, Metropolitan Council staff.  
Michael Munson, Metropolitan Council staff.  
William A. Schwab, Washington County Planning Coordinator.  
G. Stevens Bernard, president of Metro East; and city manager, White Bear Lake.  
Sandy Dean, Metropolitan Council staff.  
Ray Antrim, Minnesota Mutual Insurance Company.

George Hite, Dayton Hudson Properties.  
John Rudquist, 3M Company.  
Armin Buetow, Roseville State Bank.  
Maynard Eder, Mayor of Lake Elmo.  
Richard R. Miller, Minneapolis Alderman.  
Thomas A. Thompson, Minneapolis City Coordinator.  
James Harrington, then executive director, Minneapolis Housing and  
Redevelopment Authority.  
Charles Krusell, executive vice president, Greater Minneapolis Chamber of Commerce.  
Donald Jacobson, Cedar-Riverside Associates, Inc.  
Robert Juba, BNL Development Corporation.  
Robert Hovelson, president, IDS Properties.  
Robert Purcell, director, Loring Park Development District.  
Larry Laukka, Franklin/Hall housing project coordinator.  
Bruce Thomson, Pentom, Inc.  
Clyde Allen, president of Association of Metropolitan Municipalities, and  
then Bloomington Councilman.  
Tim Fleetham, Metropolitan Council staff.  
Peggy Reichert, Metropolitan Council staff.  
Gene Knaff, Metropolitan Council staff.  
Bob Mazanec, Metropolitan Council staff.  
Michael Gleeson, University of Minnesota School of Public Affairs.  
Robert Einsweiler, Twin Cities area planner.  
Philip M. Raup, University of Minnesota Professor of Agricultural Economics.  
Dick Nowlin, Metropolitan Council staff counsel.  
Robert L. Hoffman, Metropolitan Council member.  
John Kari, Metropolitan Council planning staff.  
Roland Comstock, Northern States Power Co. and member of Commission on  
Minnesota's Future.  
A. C. Godward, former Minneapolis planning engineer.

### Committee Action

The report was adopted January 13, 1976, after final votes on proposed amendments. A report dissenting from Recommendation #1 on the metropolitan/municipal planning program was offered by a committee member, Tom Mulcahy, and signed by two other members of the committee. A copy of their report is available at the Citizens League office.

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## APPENDIX

### Glossary of Terms

This report, the Development Framework, and the general community discussion all use various terms to refer to the different parts of the Twin Cities area . . . which have built-up in the past, which are developing today, or which should (or should not) develop next year or 10 or 20 years from now.

This glossary attempts to define the terms that are in use, and to relate them to each other.

On page ii there is a map, taken from the Development Framework, which indicates the location both of the governmental/political definitions and of the planning/policy definitions, within the Twin Cities area.

- 1) SMSA (Standard Metropolitan Statistical Area). Actually, a definition by the U. S. Bureau of the Census. The largest definition of the Twin Cities region. Includes now (after 1970) ten counties, including one from Wisconsin.
- 2) Metropolitan Planning Area. Used in state law, to define the region of Metropolitan Council jurisdiction. The seven-county region. The same in usage as 'Twin Cities Metropolitan Area.'
- 3) Twin Cities region. We've tried to keep this to relate more toward the physical, rather than the legal, definition of the Twin Cities area. Put another way: The 'urbanized' portion of the metropolitan area. (Admittedly: not a clear or widely-used distinction.)
- 4) Metropolitan Urban Service Area (MUSA). In the Development Framework, that part of the metropolitan area that is urbanized and scheduled for urbanization, to 1995.
- 5) The 'policy areas.' The conceptual and geographic subdivisions of the MUSA:
  - a) The Metropolitan Centers. The central business districts of Minneapolis and St. Paul, plus the surrounding institutional and higher-density residential areas.
  - b) The Fully-Developed Areas. The older, built-up portions of Minneapolis and St. Paul, and the first-ring suburbs.
  - c) The Area of Active Urbanization. The land within the MUSA line less than half-developed, where new residential, commercial and other construction is still under way.
  - d) The Free-Standing Growth Centers. The older communities (once farm trade centers) in the rural area, designated as the base for additional growth and development outside the MUSA line.

(over)



- e) The Rural Area. Not to be served by urban facilities, to 1995. Contains within it 'agricultural preservation areas.'
- 6) The 'sub-region' or 'sub-area.' In other metropolitan planning . . . specifically, for transportation and for investment policy . . . these terms are appearing, which further subdivide certain of the policy areas. For example, the Area of Active Urbanization would contain a number of sub-regions. So would the Fully-Developed Area.
- 7) The 'centers' within the sub-regions. Roughly speaking, each defined sub-region has, or is planned to have, a concentration of retail, office, institutional and high-density residential at its center. For the sub-region roughly coterminous with Minneapolis and for the sub-region roughly coterminous with St. Paul, these are Metropolitan Centers (which of course are big enough to be a 'policy area' in their own right). For the sub-regions in the Area of Active Urbanization, these are the 'major diversified centers,' which contain roughly the same major elements as do the Metropolitan Centers, but on not quite so large a scale. These are also known occasionally, more generically, as 'activity centers.'

\* \* \* \* \*

Other typologies are possible.

John Borchert, an urban geographer, uses this one:

- 1) The zone of redevelopment
- 2) The zone of traditional maintenance
- 3) The zone of new development
- 4) The rural area

Political officials, and common usage, tends toward this one:

- 1) The downtowns ( and the 'residential neighborhoods')
- 2) The central cities (or 'core cities' or just 'cities')
- 3) The suburbs (first ring, or 'belt line'; second ring, etc.)

## APPENDIX

### The Distribution of New Development Activity

In this report we have followed the Council's distinction between two major 'policy areas' within the MUSA line: the Area of Planned Urbanization and the Fully Developed Area (which includes the Metropolitan Centers).

The charts that follow show the division of new construction activity between these two policy areas, over time, for five categories of buildings; 1) one and two family homes (including mobile homes), 2) apartment houses, 3) industrial buildings, 4) offices, banks and professional buildings, and 5) stores and other mercantile buildings. In the case of residential buildings we have shown the number of units for which permits were issued, rather than the number of permits. The data was supplied by the Federal Reserve Bank.

Following the Metropolitan Council definition, the municipalities are divided as follows:

#### Fully Developed Area

Brooklyn Center  
Columbia Heights  
Crystal  
Edina  
Falcon Heights  
Hopkins

Minneapolis  
Richfield  
Robbinsdale  
St. Anthony  
St. Louis Park  
St. Paul

#### Area of Planned Urbanization

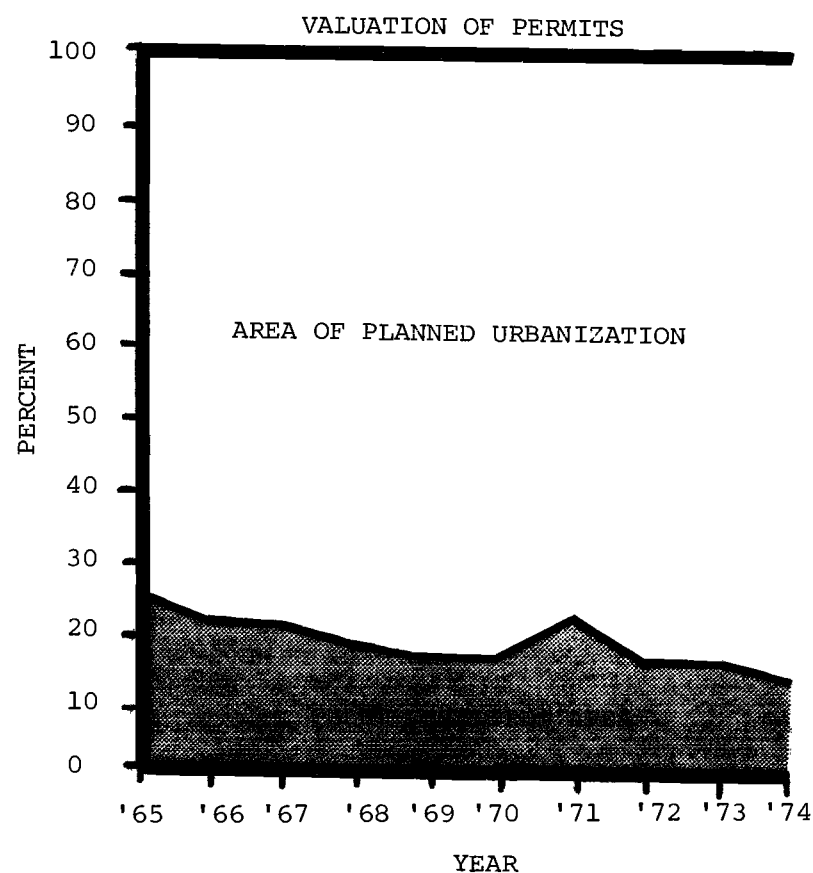
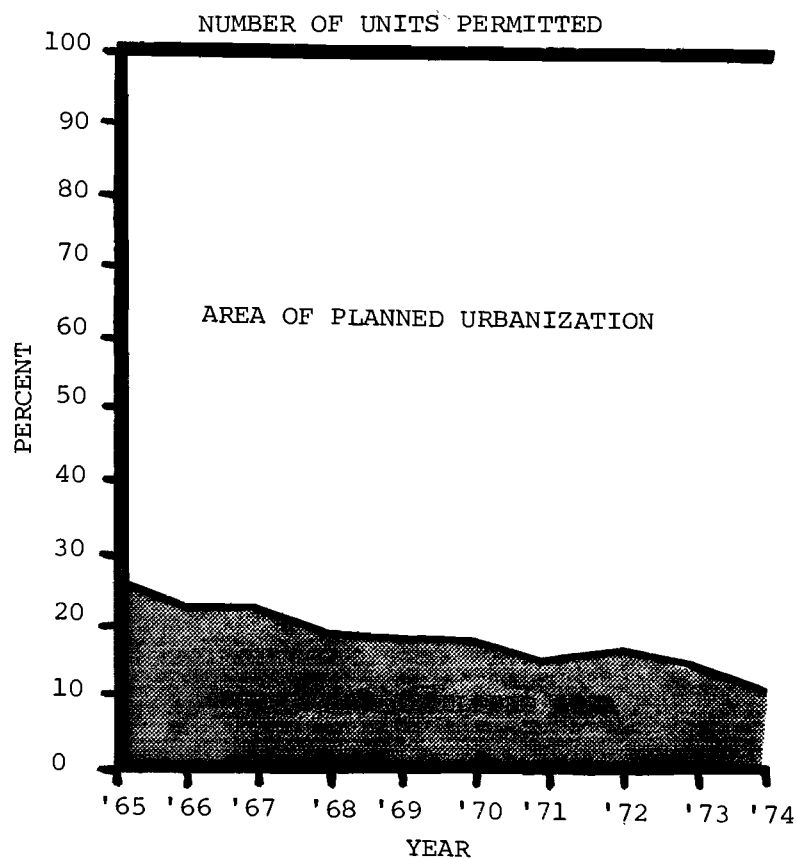
Apple Valley  
Arden Hills  
Blaine  
Bloomington  
Brooklyn Park  
Burnsville  
Circle Pines  
Coon Rapids  
Cottage Grove  
Deephaven  
Delwood  
Eagan Township  
Eden Prairie  
Excelsior  
Fridley  
Golden Valley  
Inver Grove

Lake Elmo  
Lexington  
Little Canada  
Long Lake  
Mahtomedi  
Maple Grove  
Maplewood  
Medicine Lake  
Mendota Heights  
Minnetonka  
Minnetonka Beach  
Mounds View  
New Brighton  
New Hope  
Newport  
North Oaks  
North St. Paul

Oakdale  
Orono  
Plymouth  
Roseville  
St. Paul Park  
Savage  
Shoreview  
Spring Lake Park  
Tonka Bay  
Vadnais Heights  
Wayzata  
West St. Paul  
White Bear Lake  
White Bear Township  
Woodbury  
Woodland

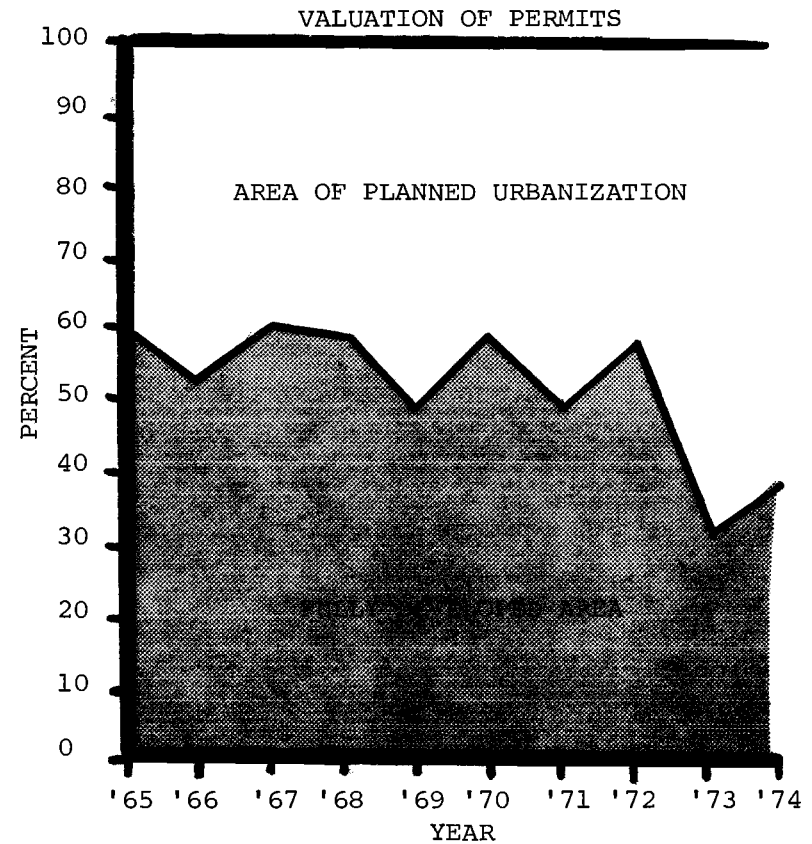
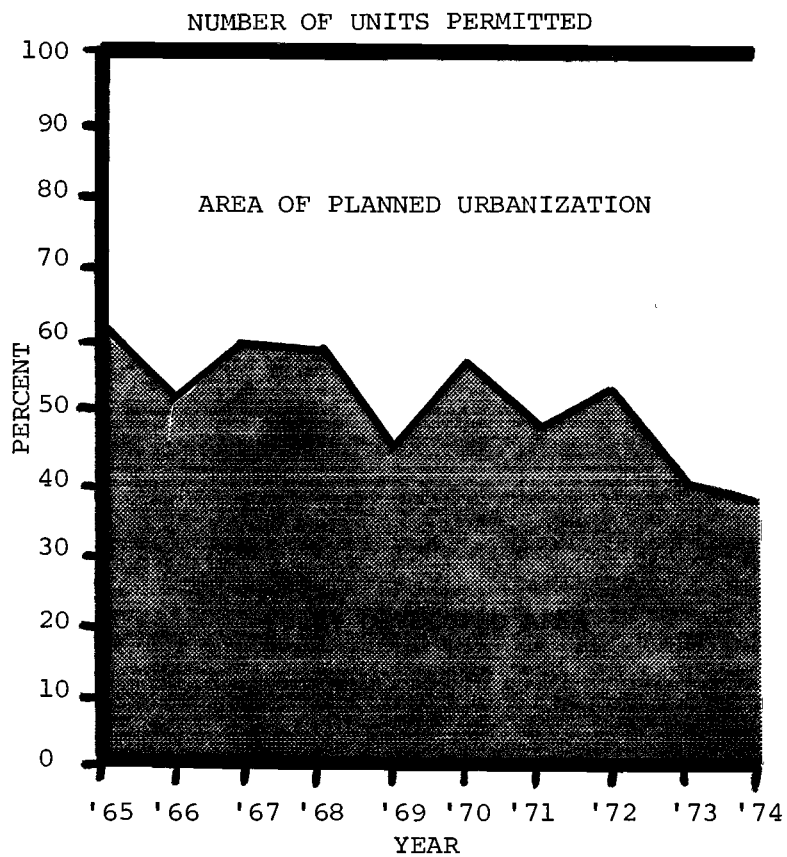
(over)

Building Permits: Number of Units for Which Permits Were Issued  
and Valuation of Permits for  
1 & 2 Family Homes;  
Fully Developed Area & Area of Planned Urbanization,  
as Percentages of the Total, 1965-1974

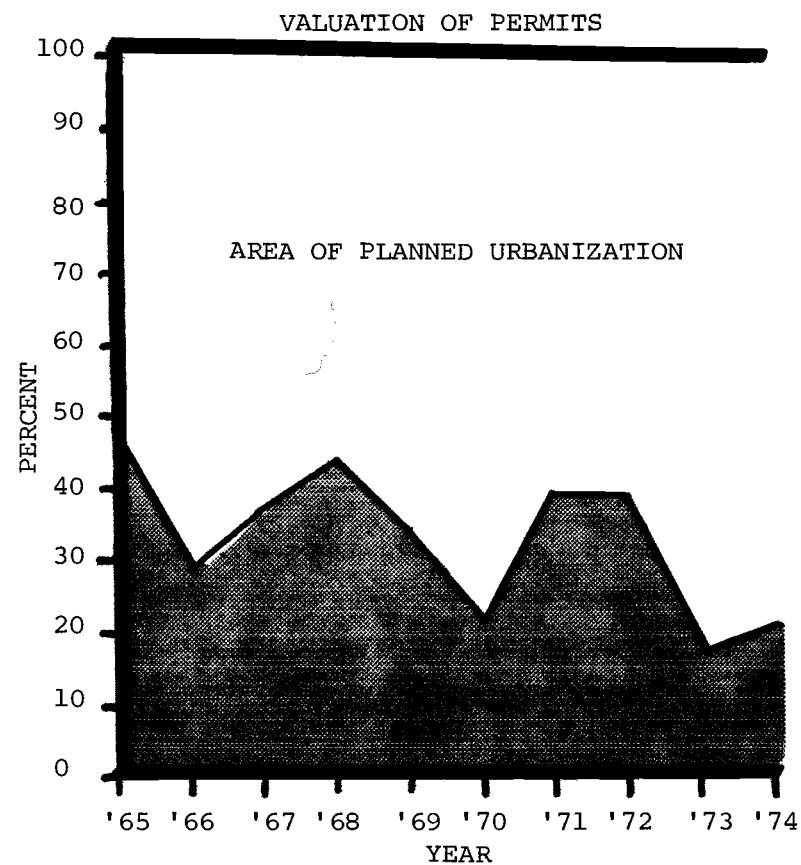
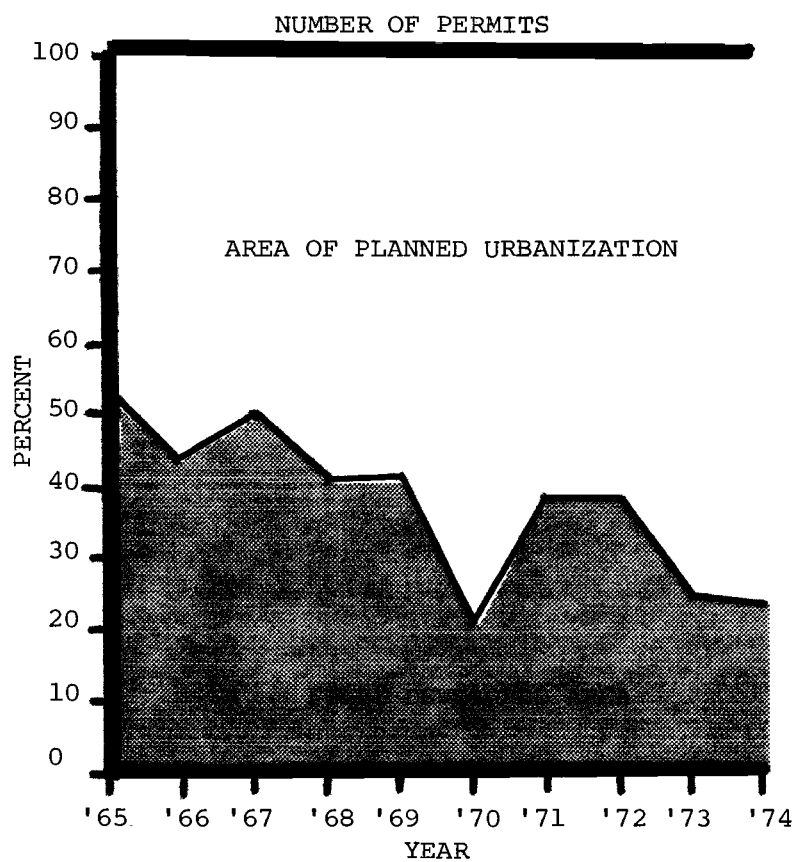


*Produced by the Citizens League with information supplied  
by the Federal Reserve Bank.*

Building Permits: Number of Units for Which Permits Were  
 Issued & Valuation of Permits for  
 Apartment Houses;  
 Fully Developed Area & Area of Planned Urbanization as  
 Percentages of the Total. 1965-1974

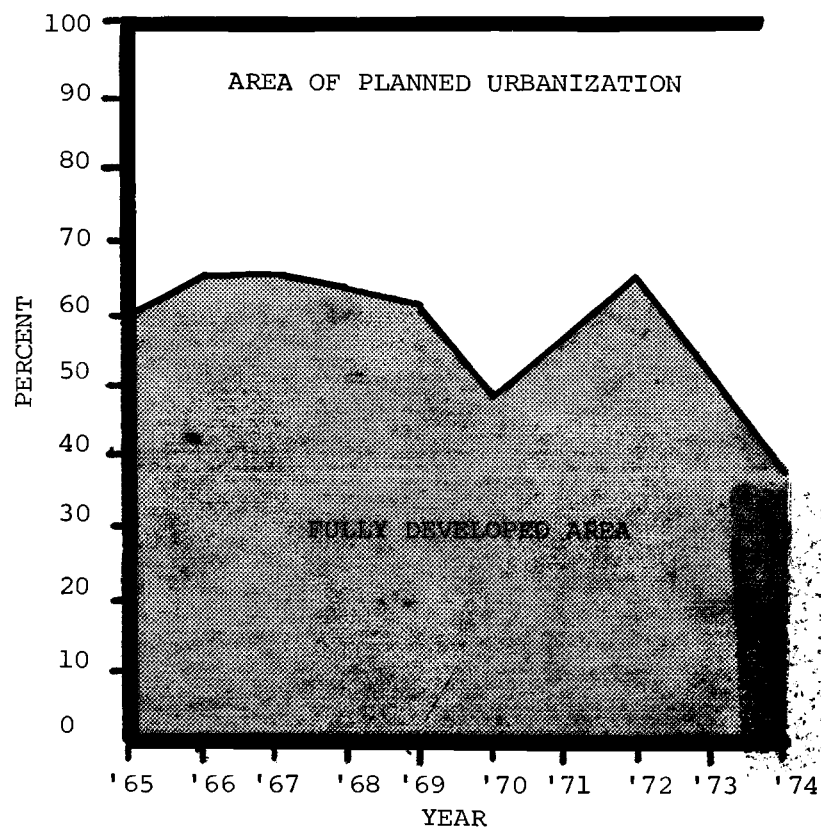


Building Permits: Number & Valuation of Permits for  
Industrial Buildings;  
Fully Developed Area & Area of Planned Urbanization,  
as Percentages of the Total. 1964-1975

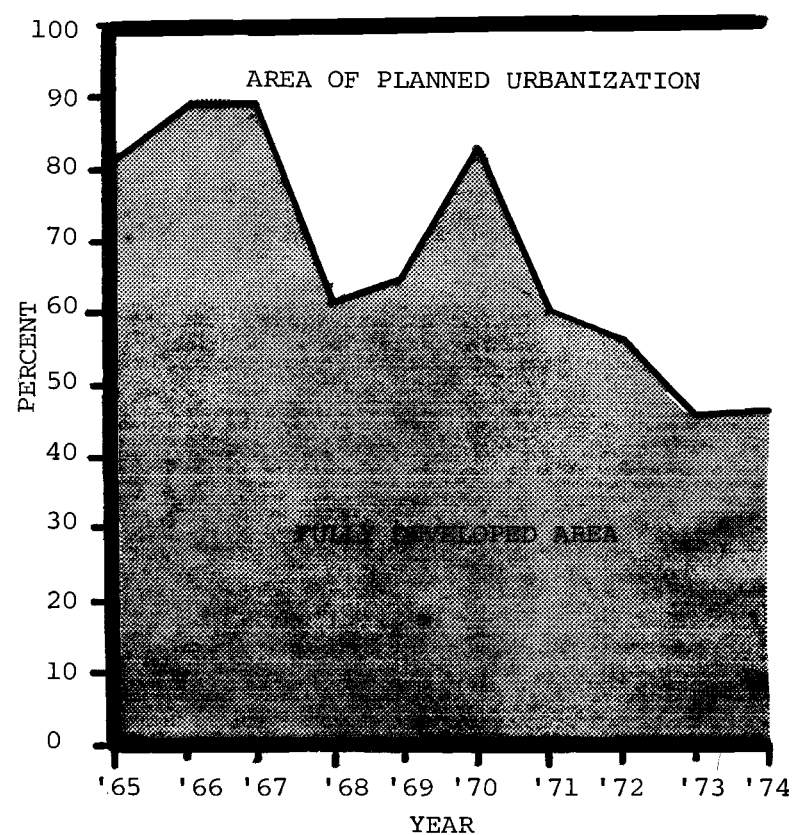


Building Permits: Number and valuation of permits for  
 Offices, Banks & Professional  
 Buildings;  
 Fully Developed Area & Area of Planned Urbanization  
 as Percentages of the Total.

NUMBER OF PERMITS

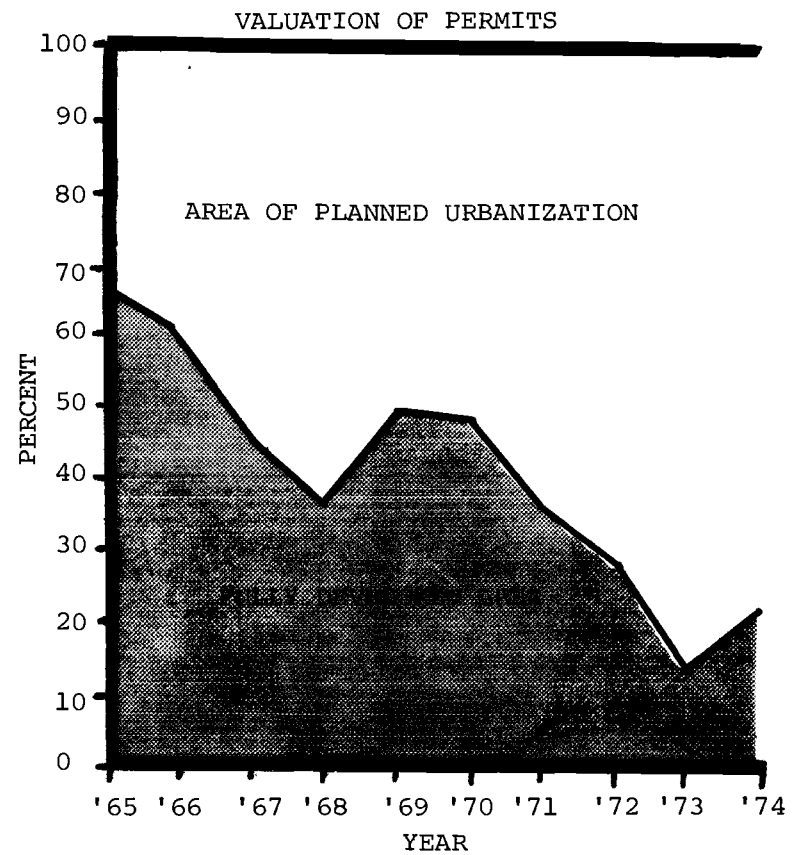
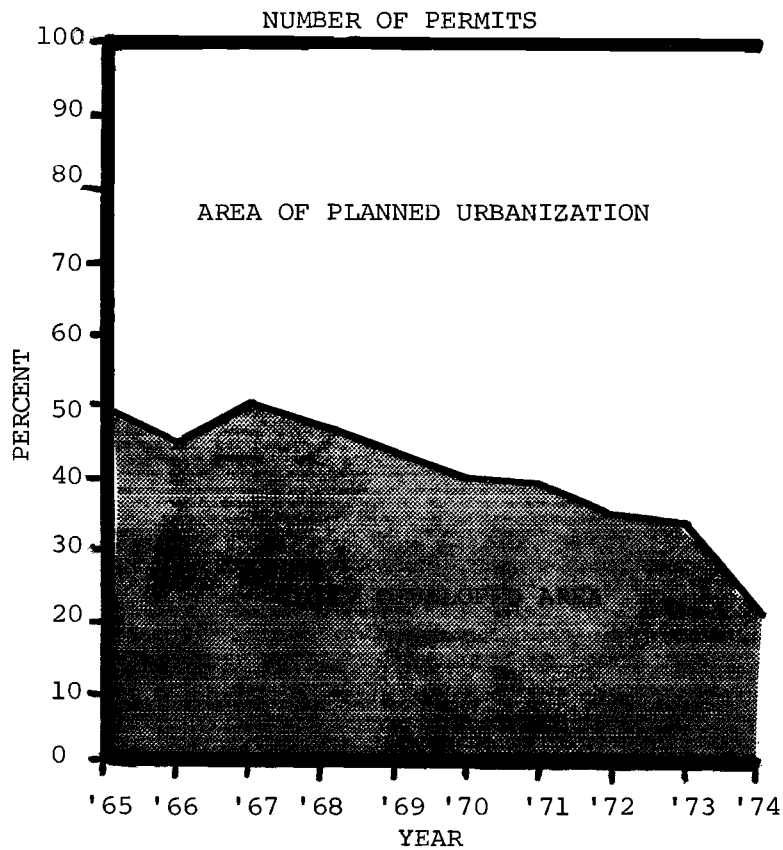


VALUATION OF PERMITS



Produced by the Citizens League with information supplied  
 by the Federal Reserve Bank.

Building Permits: Number & Valuation of Permits for  
Stores & Other Mercantile Buildings;  
Fully Developed Area & Area of Planned Urbanization,  
as Percentages of the Total. 1965-1974



Produced by the Citizens League with information supplied  
by the Federal Reserve Bank.

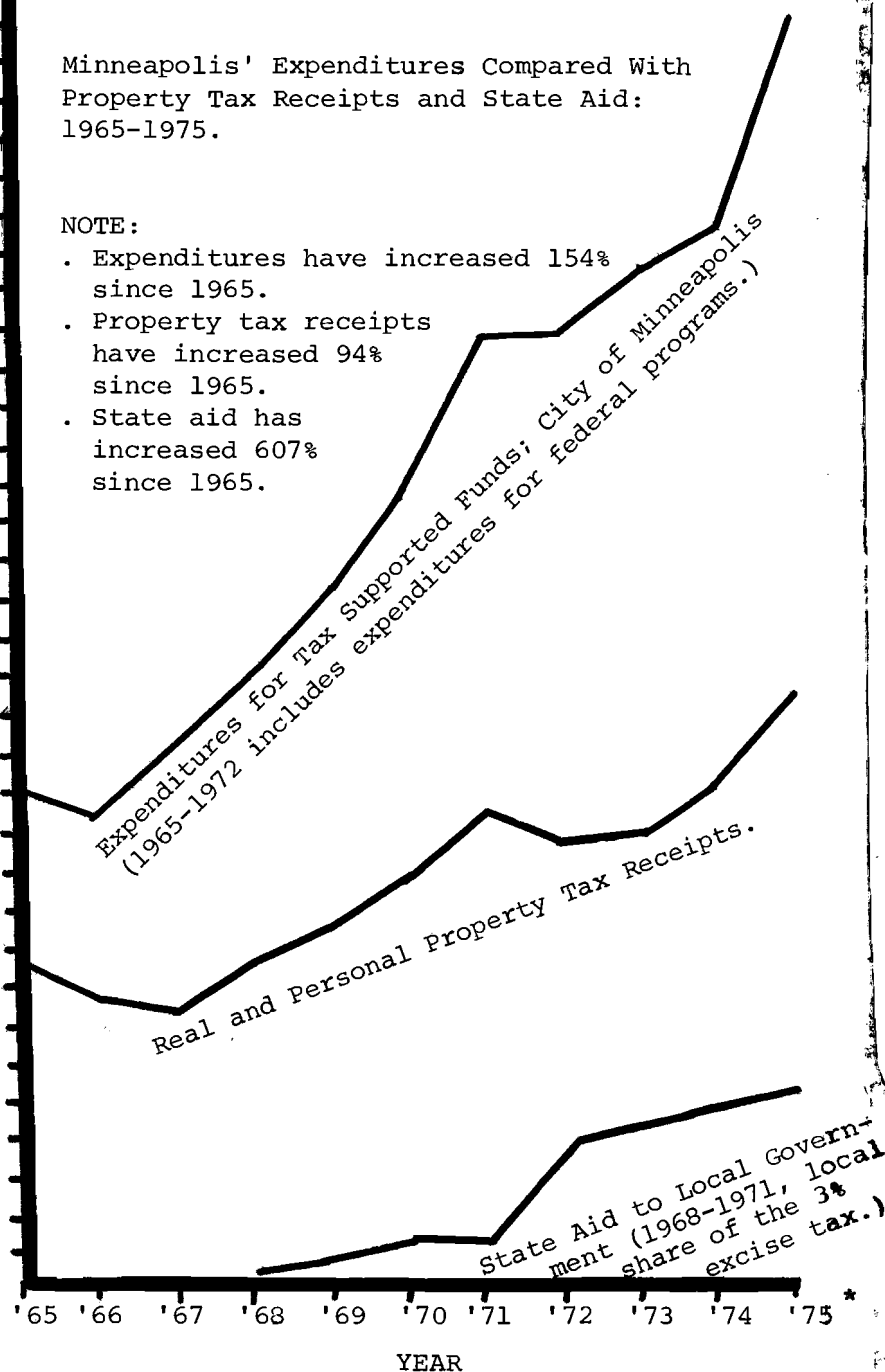
# CHANGING SOURCES OF REVENUE FOR THE CITY OF MINNEAPOLIS

Minneapolis' Expenditures Compared With Property Tax Receipts and State Aid: 1965-1975.

## NOTE:

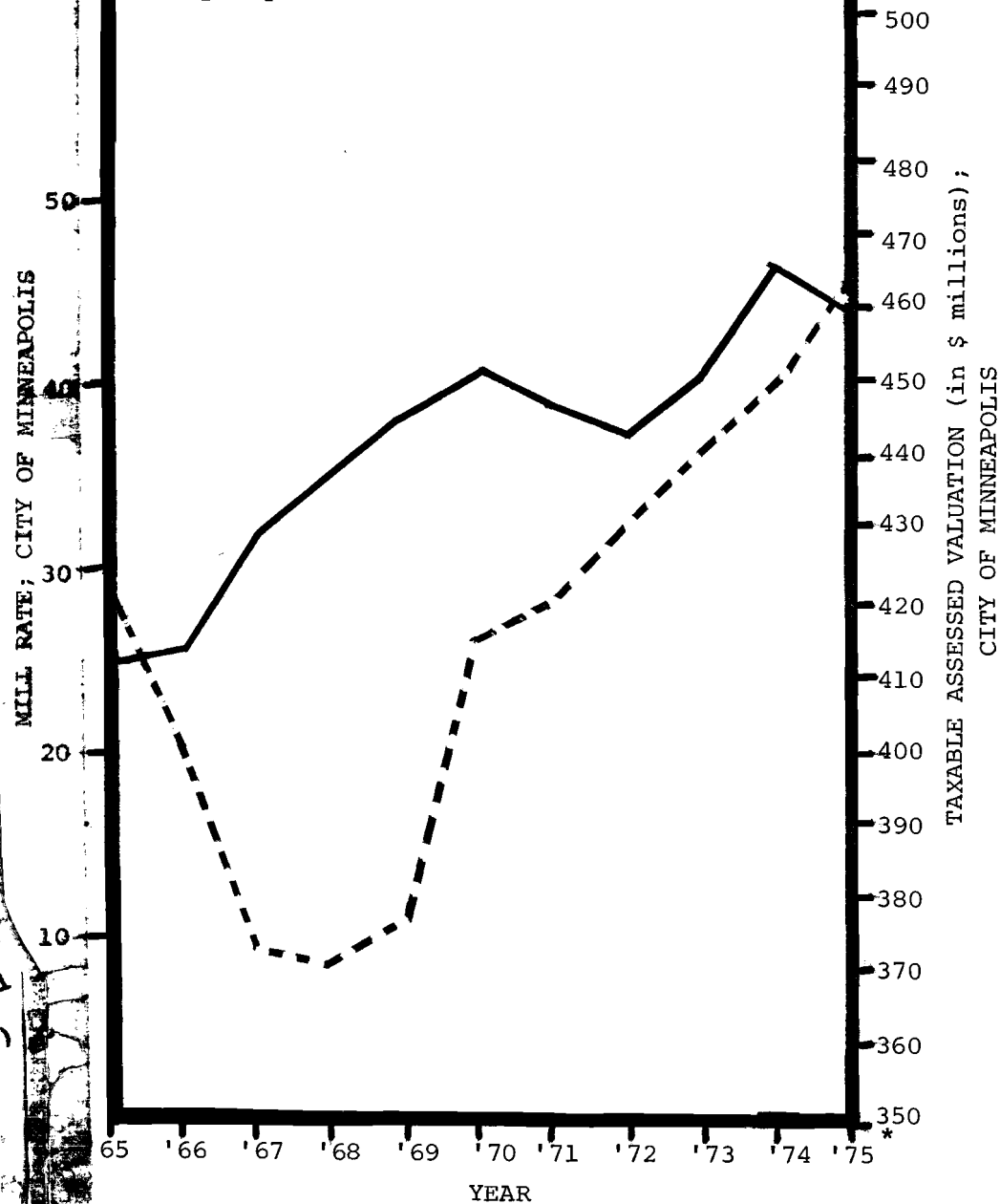
- Expenditures have increased 154% since 1965.
- Property tax receipts have increased 94% since 1965.
- State aid has increased 607% since 1965.

MILLIONS



\* Estimates

Minneapolis' Assessed Value Compared With Property Tax Rate: 1965-1975.



— Mill Rate; City of Minneapolis

\* Estimates

- - - Taxable Assessed Value



Dissenting Views of Thomas R. Mulcahy  
With Respect to Recommendation 1 of  
The Report of the Land Use Committee

Strong conviction compels me to express my dissent from the first Recommendation of the Committee report. I also seek the concurrence of other Committee members who share my views.

I oppose Recommendations 1(a) and (b) which ask the State Legislature to enact a mandatory planning bill to compel metropolitan-wide adherence to the Development Framework policies of the Metropolitan Council.

My disagreement with Recommendation 1 of the report is based on my view that its effect would be to invest the Metropolitan Council with coercive power over the land use decisions of every subordinate governmental unit in the seven-county area. The Committee report (page 51, paragraph 2) describes the proposal:

To ensure conformity with metropolitan systems plans, the Council may require the modification of any program or part thereof which may have a substantial impact on or contain a substantial departure from metropolitan systems plans. (emphasis added)

I am opposed to such a grant of power. The Committee report characterizes the legislation as "cooperative" planning. The report speaks -- as does the Development Framework itself -- of "implementing" policies and "guiding" development. Gentle words? Not really. Such velvet euphemisms clothe an iron fist of mandatory (not cooperative) powers to ensure conformity (implementation) with Metropolitan Council systems plans. To complete the semantic cover up the Council mandates are called "guides."

Let everyone understand what is involved in this disagreement. It is, simply, whether there shall be a massive transfer of power from the local governmental level to a multi-county, appointed body. No wonder some local units of government have objected. (I am aware of one such objection -- because the Mayor lives across the street. A copy is attached for reference and for some appreciation of the intensity of feeling that exists on this proposal. I had no part in its preparation.)

"Sprawl" has been condemned by the Committee report as an economic, social and political evil. The case is alleged to have been made in a 1971 Citizens League report, "Growth Without Sprawl." However, our Committee has observed that many changes have taken place in the intervening five years. We have seen new trends (rising energy costs for one) that could, if they develop further, make past recommendations and projections very questionable.

A further question, indisputably relevant, is whether, on the record, the Metropolitan Council has proved itself an efficient planner of the things it has already undertaken to do. The report takes a milder tone in critical evaluation of the Council's performance than our discussions would have lead me to expect. The strongest language is found in Conclusion 4, page 10, where the words "critically deficient" are employed to describe the Council's attention to the Metropolitan center area. Does the Council's planning record justify the proponents' confidence in its capability to execute a significant grant of additional power?

In the absence of compelling circumstances we should not force the decision-making process to higher and higher levels. The Metropolitan Council presently has adequate review authority over subsidiary government levels with respect to their land use plans. The present metropolitan government system is quite unique; it should be given time to work before it is accorded unprecedented powers over the lives of more than half the citizens of the State.

Recommendation 1(c) arises out of the Committee's uncertainty with the effect on land prices if the supply of land available for development is restricted. One would expect land prices to rise. The trade-off in savings is supposed to be a halt in the uneconomic extension of public services to serve "sprawl" development. The presentations on these issues were in irreconcilable conflict. We should report that this issue is at a stalemate and that a broadly based, believable cost/benefit analysis of the policy of restricting land supply is essential to an informed public decision on the policy.

In my view, the Committee's suggestion that the Metropolitan Council prepare an annual report on the effect of their own policies on land prices is like asking a student to write his own report card. The analysis of the effect of the restrictive policy on land prices should precede the implementation of such a controversial policy. The metropolitan-wide consequences of an erroneous decision are massive. Such an error would not be cured, or even highlighted, by an annual report from the Metropolitan Council.

Recommendation 1(e) simply confirms the scenario sketched above which predicted that the next demand would be for control in the "super sprawl" areas outside the seven-county metropolitan planning district so that the free spirits among us would not be able to jump the fences set up by the Metropolitan Council.

CITY OF ARDEN HILLS

RESOLUTION NO. 75-19

WHEREAS, the City of Arden Hills recognizes the need for a metropolitan agency, such as the Metropolitan Council, for coordination and planning in the area, and there is now a proposal for a bill (Comprehensive Land Use/Guided Growth Land Use Plan, 4/1/75) before the Committees of the House and Senate that would provide powers to the Metropolitan Council far beyond what is needed or its original intent, and

WHEREAS, the bill affords local governments and schools no truly effective voice, or part, in the decisions of the Metropolitan Council on matters that have been traditionally of local concern, and contrariwise the Metropolitan Council could, with the force of law, explicitly dictate in matters relating to the local Comprehensive Plan, Capital Improvement Plan and all ordinances relating thereto, and

WHEREAS, the staff of the Metropolitan Council not only makes routine daily decisions, but also, as a matter of routine, makes policy decisions, since their recommendations and ideas are usually accepted by the Metropolitan Council, and

WHEREAS, there is evidence that the staff of the Metropolitan Council, as well as the Council itself, would diminish, in the name of social planning, those rights and freedoms that have traditionally meant so much to the happiness and well-being of individuals, and that these rights and freedoms can be heard best by a responsive local government that has time, empathy and closeness to the public, and

WHEREAS, the City Council of Arden Hills believes in the planning process and the importance of local decision making to the orderly growth and existence of a municipality, and

WHEREAS, the City of Arden Hills has a Comprehensive Plan which organizes its affairs so that the needs of its citizens are duly provided, while at the same time respecting the rights, needs and expectations, governmental problems and requirements of those who do not reside in the City, and

WHEREAS, the City has developed its Comprehensive Plan and promoted orderly growth of the City with little help from the Metropolitan Council in comparison to the Council's very large consumption of tax dollars, and

WHEREAS, the bill under consideration has had too little time for consideration, citizen debate or governmental input;

NOW, THEREFORE BE IT RESOLVED, that the duly elected representatives of the City of Arden Hills do unanimously plead that the proposed bill (4/1/75) enlarging the scope and powers of the Metropolitan Council be defeated, or failing this, that it be held over for an interim study commission.

Passed by the Council of the City of Arden Hills this 14th day of April, 1975.

  
Henry J. Cropeau, Jr.  
Mayor