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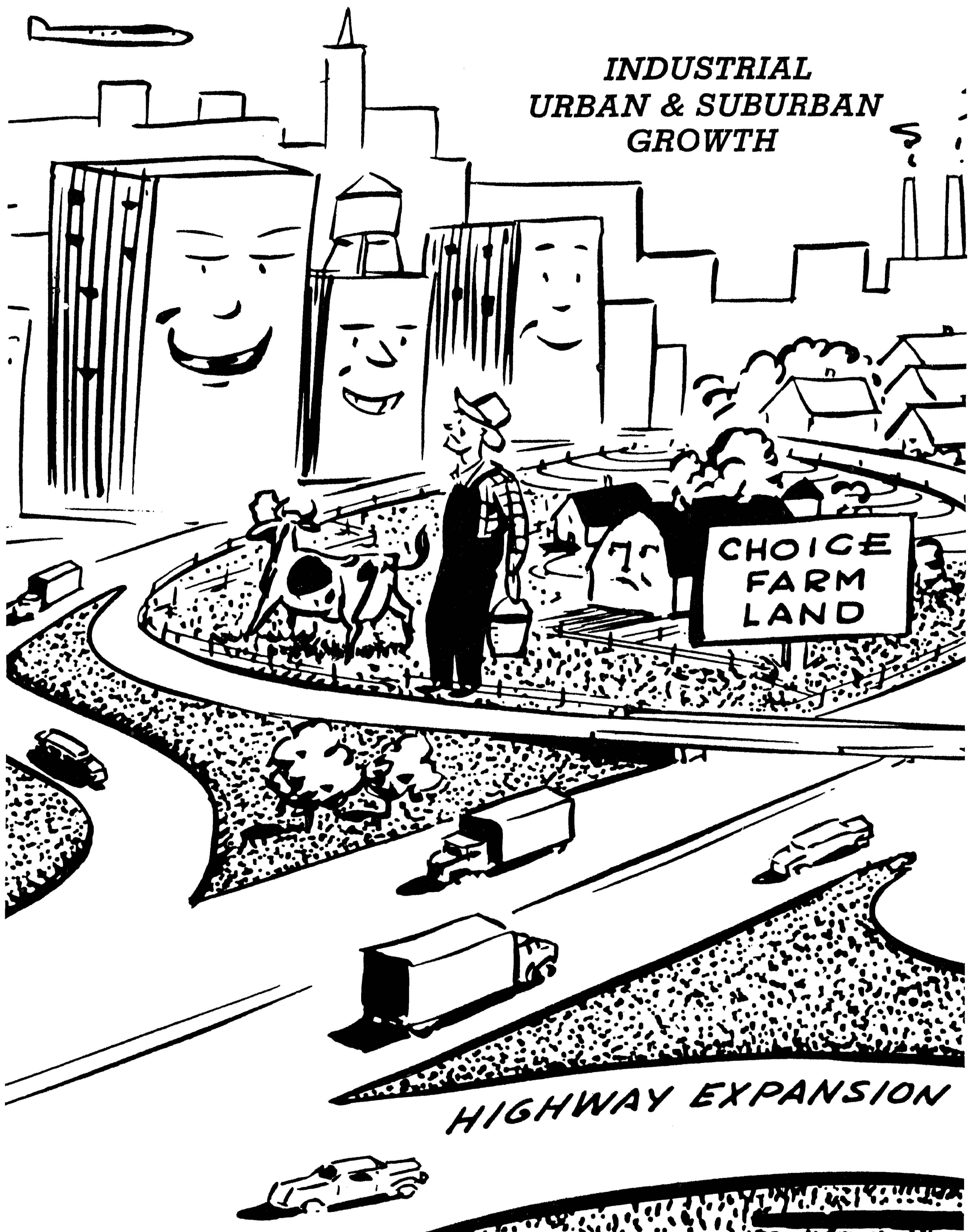

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Ag Science Week Forum

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Program

Problems Associated With Expansion of the Urban Centers Into Rural Areas

9:00 A.M.	Registration (Student Union)
9:30 A.M.	Presiding................C. E. Klingner
	Rural-Urban Fringe Problems in Missouri............Dean Elmer Kiehl
10:00 A.M.	Conflicts in Land Use....Jack L. Knetsch
10:45 A.M.	Problems of Taxation and Financing Government Services........Tom Hady
11:30 A.M.	LUNCH
1:00 P.M.	Presiding................C. E. Klingner
	Legislation Present and Pending to Control Land Use......Robert Simonds
1:30 P.M.	Educational and Social Problems in Fringe Areas..........Daryl Hobbs
2:00 P.M.	Discussion Groups:
	(a) Educational and Social Problems Presiding...........James E. Hart Secretary............Ralph Rogers
	(b) Providing Municipal Services Presiding................Jay Bell Secretary..........Richard Dohm
	(c) Tax Problems—Urban Fringe Presiding..........George Weber Secretary............Melvin Blase
	(d) Zoning and Other Methods of Guiding Land Use Presiding........Howard Cowden Secretary..........James B. Cook

Rural-Urban Fringe Problems in Missouri

by
Dean Elmer R. Kiehl

We are pleased and honored to have you here to participate in discussion of vital concern that affects many facets of our social, political and economic life. Your interest in this Forum reminds us of the deep concern of many leaders of the rural-fringe area for solution of some of the adjustment problems.

I believe it is my task to introduce only the *general* subject for this Forum—obviously I can touch only on a few matters related to the theme—leaving for others the fuller development necessary for your discussion. Incidentally, the topic for this Forum was suggested by business and rural community leaders in Kansas City.

Next to having a food supply, the most important aspect of human existence probably is having a place to live. A "place to live" in our context means more than shelter. It includes all the educational, cultural and economic dimensions associated with a place of residence. A place to live or rather the choice of a "place to live" is made, can be made, or is forced to be made by many persons in a dynamic economy. The choice is more open in this country than elsewhere because of the mobility people have due to their training and education and the high level of technology throughout our country.

Probably the fact that agricultural productivity has risen so rapidly in recent decades is one of the *major factors* in accelerating the decisions of a place to live. Agricultural productivity per man has more than doubled in 15 years—obviously reducing the manpower requirements in agriculture and forcing decisions for many persons about a place to live or about seeking other economic opportunity. The fact that agricultural productivity increased at two times the national rate, rendering redundant a part of the agricultural labor force, has encouraged rapid geographical concentration of population in areas where there were better economic opportunities—namely the metropolitan areas.

It has become accepted generally that the number of farmers and farm families must decline in the face of continual application of technology and expanded uses of power in farming. It was almost treasonous just a few years ago to suggest that the number of farmers would be drastically reduced. The adjustment of labor force in agriculture has not run its full course—more can be expected.

The second wave of migration that is closely related and has been underway for some time, almost simultaneous with farm migration, is the fate of small towns which served largely as local service centers to agriculture. The struggle to survive has been going on for decades. Even as trade areas have expanded in the dominant town in rural areas, the market population it served has typically declined. The businesses predominately were of a low-margin type such as grocery stores, filling stations, feed stores and eating places. They have experienced difficulty—some have passed out of existence, leaving more of the reduced volume to those remaining.

Economics of scale affects these businesses also. Studies have shown that a modern supermarket requires a population basis of nearly 7,000; a hardware store 6,500. Similarly, if a high school with 100 in the graduating class is desired, a population base of 6,300 is required. Churches also are affected with respect to support. The point is that many of the modern services we now expect to have and enjoy require a given population base or market to serve. Jet airline traffic can be generated only by larger metropolitan centers.

All of the foregoing provides only a glimpse of the *problem area* vacated by the persons "choosing a place to live" in the growing metropolitan areas—typically around the fringe. The metropolitan area is an agglomerate which apparently does provide goods and services economically—hence its growth. It's where the market is—obviously a large market. Hence its attraction in the job market and for business opportunities.

However, this explosion of growth of the major centers has brought many adjustment problems. The forefront of concern is the belt formed around the cities, along the major expressways leading into the cities. The influence of the impact extends out 50 to 75 miles, though lessening in intensity as distance increases.

The nature and extent of this influence is the theme of this Forum. Hopefully your discussion will also suggest ameliorating the process of adjustment that appears to be required.

Obviously, around the city there is a competition for land. Not land valued in terms of how many bushels of grain it will produce or how many cattle it can accomodate, but based on locational and site attributes associated

with metropolitan centers. Residential and commercial sites needed to serve the larger market take the first claim on former agricultural land. Highways, schools, parks, airports, are almost as high in priority in the allocation of land resources. These public uses often become the centers of bitter disputes between the rural residents and the interests of the major city.

Often associated with this expansion is an element of speculation on the potential uses of land. Farmers operating otherwise going concerns as farm businesses suddenly find themselves caught in this by first resisting offers for their land several times its agricultural value.

However, in the transition area, the farm community is caught in the incompatible role of speculation in land and/or farming. Each farmer has to decide whether to make major improvements on his farm, to maintain buildings, and generally proceed with accepted farming practices to maintain his farm business, or to sell too soon. In the sweep of events he soon finds his tax rates increasing and forcing an early decision to sell. Public service costs have risen, new schools are required and obviously public revenue requirements have increased.

Complicating the growth pattern is the well-documented fact that there are substantial areas of vacant land undeveloped in the central city. Prof. Gaffney, formerly here and now at University of Wisconsin, has suggested that "urban land prices are uneconomically high—that land scarcity is an artificial one." Land speculation is an old past-time. Some authorities suggest that the capital gains and depreciation provisions in our tax structure provide part of the answer for some of the rapid rises in urban real estate values on its potential value and that it is encouraged by "tax sheltered" features of real estate.

Public concern for water, air, space for recreation, adds another dimension to the expressed needs of the urban community and tend to fall most heavily on nearby areas—within 50 to 75 miles of the city. Reservoirs and lakes serving as a source of water supply for municipal services as well as for recreation have high priorities.

The question facing both the nearby rural community and the urban center are those associated with the problem of making these adjustments in land use more easily achieved with less economic and political maladjustments by those involved. Can these questions be resolved in the context of the public instrumentalities now available? Can County Courts, Zoning Boards, Watershed Districts, municipal and other units deal with these matters effectively? Must other forms of organization be devised to cope with them? Can we get better communications among all specialists who are surely involved? Must we have waste in the use of human and natural resources in our haste to adjust to new configurations of population expansion?

Your sessions today no doubt will review problems, will suggest procedures and methods whereby these issues can be resolved more readily. While urban population expansion is your concern today—I believe equally important are the problems of population adjustments in strictly rural areas—problems of depopulation, adjustment of service facilities, including schools, banks and churches. Even whole villages and towns will likely disappear. These problems are probably more difficult to resolve and are not without costs and sacrifices on the part of those involved. Maybe this could be the subject for intensive review at some later date.

We are to be congratulated to have this fine group here this morning to review and analyse the problems associated with urban-rural fringe adjustments. We know that the interchange of ideas and the discussions will add another dimension to our understanding the modern phenomena of the choices surrounding the simple idea of "a place to live" in a more affluent technology-oriented and consequently more dynamic society.

Conflicts in Land Use

by
Dr. Jack L. Knetsch and Dr. Marion Clawson

The process of rapid urbanization is one of the most dominant characteristics of contemporary social change. The rapid spread of suburbs across previously rural landscape is a common phenomenon in this country today. Even the most casual observer cannot be but impressed by the magnitude of these changes; and the groups represented in this meeting are anything but casual observers.

There has been much criticism, on grounds of aesthetics and efficiency, and on many others, of the kind of urban development we are experiencing and what it is doing to our countryside if not our country. The postwar urban growth has been rapid, headlong, and seemingly without direction, or without much concern for important values which have been both created and destroyed.

We are all vividly impressed by the large areas of new housing surrounding our mushrooming cities, and the serious problems which this process has created. They have included the loss of good agricultural land and the disruption of rural communities, the high cost of public services, land waste, insufficient public services, unnecessary transportation costs, inequity in tax structures, and something, for want of a better name, we termed "urban sprawl." Not all of the things occasioned by the urbanization process have been bad, to be sure. But apparently there are sufficient problems and enough missed opportunities existing to concern us all.

While there has been a good deal of discussion about the problems of urbanization and the conflicts of values that have evolved as a result, much of this discussion has consisted of bewailing what is happening. There are, to be sure, scoundrels and rascals enough in the urbanization game, but it would really be far more useful if we contented ourselves less with name-calling and judging the morality of it all, and more with recognizing legitimate but divergent interests, and how they come about. Little significant progress is going to be made until the processes of urbanization and the resultant conflicts are better understood. This means that we must fully appreciate the processes and the reasons for what is going on and recognize that more than a single interest is involved. This is a prerequisite if we are to make progress in developing more compatible urban communities and better resolve our conflicts.

To begin, we might well keep firmly in mind the underlying changes going on in our society which produce our present processes of urbanization and the conversion of rural land through suburban development. In back of the concern which brings us here today, two facts are major. The first of these is the revolution in agriculture and the second the urban revolution in land use.

A good bit of the history of our country was concerned with the exploration of the continent, the appropriation of land to private ownership, the settlement of this land, which often meant clearing of forests, and economic development generally. This certainly held from the earliest colonial times to the end of the 19th century.

In the present century the dominant characteristics have changed. Scarcely had the pioneering sweep across the country ended, before we began a period of major population redistribution. Technological, economic, political, social, and other changes have all had their accelerating effects on change which was well underway before World War II, but has become far more noticeable since.

Among the foremost factors has been the role of American agriculture. Certainly we have experienced an agricultural revolution since about 1910, and more particularly since about 1940. We have doubled output with less than half of the labor input—with somewhat less cropland, and with somewhat changed but not greatly increased capital inputs. The potential output from our argriculture has never really been fully realized. Our agricultural productivity has not been equalled in any other portion of the world. Problems are much more problems of plenty than they are of scarcity, and in the absence of any marked change in the role of agricultural produce in the world economy, this will continue to be so.

The major implication of this immense rise in productivity of American agriculture is the small and decreasing proportion of our work force which is needed to stay on the land to produce the food and fiber needs of our population. Consequently, more people are freed from the land and move to urban areas to take up other pursuits, to produce other goods and services. A massive population withdrawal from the land is occurring in many rural areas of the United States; a commonly quoted figure is that half of all counties lost population during the decade of the 1950's, and many others lost population outside of the largest towns. In areas within perhaps 50 miles of larger urban centers, rural nonfarm population is increasing, but rural farm population has decreased al-

most everywhere. These are extensions and intensifications of trends which have been underway for long periods, and later decades will see further major changes in the same general directions.

Our land resources have responded to changes in relative demands for their uses, and are being used for many nonagricultural purposes, including not only the urbanizing areas, but such extensive uses as recreation, forestry, and wild lands.

The other major factor confronting the rural to urban transition is the urban revolution itself. We have witnessed a continuous shift of people into the urban areas. The United States has rapidly become an urban nation. As late as the First World War, we were half-urban, half-rural. Now urban dwellers outnumber rural by more than two to one, and the proportion continues to climb with each passing census. This relationship promises to continue as far into the future as we can reasonably see. By the year 2000 more than 80 percent of the total population will be expected to live in urban communities, i.e., the urban rural ratio will be more than four to one.

The addition to urban areas, while small in relation to the total land area and not serious in terms of the impact upon the whole of agriculture, is nevertheless large in comparison to previous urban areas and creates concern in individual communities. Along with the shift from rural to urban areas has been a major shift of land use within urban communities, involving moves from the central cities to suburban areas. As city centers are transformed to uses other than residential and/or as they decay for residential purposes, a highly selective portion of the total urban population shifts to the suburbs.

As incomes increase and transportation facilities permit, there has been a great shift of people outward from the core city areas. Much of this has been a quest for open areas and recreation and other amenity resources on the part of urbanites. Far-reaching also has been the inter-relationship between transportation and land use; and in no small way the flight outward from the central cities has been due to what we have allowed to happen downtown. The sum of it all is that we have a great shift in location, first from the rural areas to the urban areas, and within urban areas from the central city to the suburbs.

The relatively dramatic changes since the war but foreshadow still greater shifts almost certain to occur over the next generation; it is now generally recognized that the total urban area will roughly double between 1960 and 2000.

These trends in agriculture and in urbanization are basic to what is happening in this country. These are trends which have been going on for a good while, and most important, are going to continue. The result is that land use as it relates to agriculture and rural uses around urban centers is, and will continue to be, highly dynamic.

The consequences of these shifts are many and the values that are created and distorted also are many. We cannot speak idly about them. Yet, it seems that we are ill-prepared to deal with them.

One of the major implications of change, such as occasioned by the urbanization we are experiencing, is conflict. We witness conflicting land uses, conflicting demands, conflicting values, and conflicting interests.

A basic conflict is one of the basic land change. Since cities grow as they do and will continue to do, the very process is going to mean that agricultural land is going to be taken out of agriculture and put in other uses. For whatever our aesthetic taste may be, this process will continue and it will mean that more and more people are going to be forced to give up agriculture, rural communities will be disrupted, and land that once produced agricultural crops will produce housing developments, parks, and shopping centers. Many have decried this change. Many of these voices have been those with agricultural interests. But even here, conflict becomes involved. We do not have a single agricultural or farm interest in this process of land conversion. Much good land is going to be taken out of agriculture, and agriculture as a way of life in many communities is going to change. But, this land change also brings about increased land prices. The reason that land changes in its use is because of the values which are created.

But not everybody shares alike in these increased values. Land use changes around urban centers, to be sure, and land values increase appreciably. But there is not an equal increase, nor is the development an even one. Many parcels of land have increased immensely in value and the farmers have profited correspondingly. Although we continue to hear a great deal about these individuals, it is nonetheless true that many other individuals have not benefited as greatly and many have even suffered economic losses as a result of increased taxation, disruption or loss of other values, and not being able to sell the land for the prices they sometimes read about.

Further, it is not always farmers who stand to gain the most in these changes in use and changes in values. The developers are often in the best position to capitalize on the investments and changes occurring in a community and to consolidate the necessary parcels of land into a viable tract and can best stand the sometimes considerable waiting period for the change to become most profitable.

So, while we have land use changes occurring, we

have a diversity of interests concerned with the change out of agriculture into urban uses, and with the large increases in values that accompany this change. Agriculturalists have tended to voice alarm at these changes but, in many cases, some of these same individuals have benefited substantially from it.

We also witness numerous conflicts among the interest groups coming into the area. While there is considerable diversity of interest and opinion among the land use interests which are being bought out, we have even greater conflict among those which come in. The mention of taxes brings to mind the disparity between the taxes paid by different individuals and the disparity in services enjoyed. We also have conflicts between the early residents of outlying areas and the late arrivals. People have often moved out to distant sites to be able enjoy the relative privacy afforded by these areas, and to escape what to them are undesirable aspects of urban living. However, once they have made this move, their interest is seriously impaired by the continued movement outward of others supposedly seeking the same advantages, but by the very process of doing this they have disrupted the values sought after and have instead replaced them with added congestion, lack of privacy, and severe crowding of the transportation arteries. All of these imperil the values and the interests of the earlier residents. And, there is also the conflicting interest among the people moving into these areas owing to racial conflicts. In a good many of our urban areas the flight into the suburban regions has been one in which racial minorities have not taken part. Negroes have, by and large, been confined to the central city. This has produced conflict which promises to intensify in the years ahead.

These are just a few instances to suggest the kind of conflicts apparent in these land use changes. There is no unanimity of interest which accompanies the rural-urban transition around the metropolitan areas. There is no unanimity of interest among the old residents; there is clearly none among the new residents.

The quicker we realize the nature and magnitude of this divergence, the better we will be able to deal with it. We have a great affinity for reaching for simple solutions to handle the mass of conflicts surrounding the urbanization process. But, however we may wish it, problems as complicated as these seldom lend themselves to simple solutions. The beginning of a solution is to recognize the nature of conflicting interests.

In the case of urbanizing communities the conflicts are further complicated, and the mechanisms which we characteristically use to deal with them are made less effective, by the prevalence of what we can call external effects. This applies to those very common cases where what a single person does, or what a land use transaction does, may indeed affect more people than the individual or parties actually involved in the decision. These kinds of decisions in urban areas may affect the values of the whole community. The classic, if somewhat absurd case, is of someone building a glue factory in the middle of a residential community. Although his own private decision is to put in these works, the results certainly affect everyone else who lives around the site. This is an extreme case to illustrate but principle is a common one in and around urban areas.

In this country we place great reliance, and rightly so, on decisions made in the private market place to choose what we want to do with our limited energies and resources. We would argue that, on the whole, this is a laudable objective and for many good reasons ought to be pursued. However, in the case of urban communities, we need to recognize that sometimes these objectives so seriously conflict with other objectives and values, that the process should in some instances be re-examined.

The individual decisions which individuals make do not necessarily add up to the best solution for all of us in the community. To take but one example, we can cite our earlier resident who was the first to flee the central city and locate in some rural-like community. He enjoys a pleasant ride into the city, at least at first, but as others join him in this rural landscape he finds himself not alone in the drive to the city but travels to and from work with his neighbors. Eventually as more follow his lead, the drive becomes one of a constant traffic jam. Here, in this example, everyone is following his own dictates and does what he wants to do to maximize his own enjoyment, but the result of it all is one of less total enjoyment than perhaps if some alternative had been followed.

Similarly, if all available building sites are used for buildings without leaving any vacant lots or open spaces, the enjoyment of everyone is not as great as if some provision for scenic or recreational aspects had been left. Or in the case of buildings, if everyone were to tear down buildings which are pleasing, and put up in their stead the most remunerative structures that may not be as pleasing, we find that although each landowner has maximized his economic return, values may indeed be lost to the community at large. And, this is happening.

What we may term quality or beauty has been a most neglected aspect of land use conflict. Many have recently become aware of beauty and quality aspects of resources generally, and like every rush to climb on bandwagons, clear thinking and resolution has not been conspicuously present. While a good bit of loose talk has taken place, yet we must admit and recognize that there is a solid basis for concern in this general area of land use conflict, we put under the rubric of quality.

A related issue involves the factors that determine land values. It turns out to be particularly the case in urban areas that each tract of land may gain more value from what takes place on other tracts of land surrounding it than it generates internally. The value of a home depends about as much on the kind, condition, and use of the homes of neighbors as upon what may be done to the home itself. The value of land for a shopping center depends largely upon the location with respect to potential customers, road access, and on the location and character of competing shopping centers. Too often we have thought only of the tract itself when discussing its value. However, complex competitive, complementary, and supplementary relations exist among different and usually separately owned tracts of land within a metropolitan area. We have here, again, a group interest existing in land use decisions made by individuals.

The existence of these externalities represents another large, growing, and unappreciated conflict in rural-urban land use patterns. In all likelihood this conflict may rank even greater than the ones that immediately come to mind—such as between the farmer and the suburban developer. It is no small task to enumerate these stemming from such external effects and the conflicts which develop from them, let alone to put forth any solution of how best to resolve them. But, to begin we need to recognize that they exist, and start our attempts to do something about them from there.

Our planning efforts to date have not been singularly successful in resolving the host of conflicts in land use. Without trying to minimize the very good work which urban planners have accomplished in the past—and they might be the first to agree—the recognition of many land use conflicts and their resolution is not sufficiently taken into account in the plans that decorate the walls of planning offices, and fill the ledgers of local ordinances. While we have initiated large and costly programs to redevelop central cities, we have done relatively less in dealing with the problems of outlying areas, or land that is being converted from rural use to urban use. The redevelopment programs of central cities are indeed important, but we should not lose sight of the fact that it may often be relatively easy to channel investment in the suburbs in such ways as not to make it significantly more costly to build in socially desired forms than in less acceptable ways. This would help to resolve some of the conflicts we see emerging. It is easier to avoid mistakes than to correct them.

Governments have a number of legal powers available to them at all levels. They are often classed as the power of eminent domain, police power, the power of taxation, the power of the purse, as well as others. In urban planning, much reliance has been placed on the police power, as exercised through subdivision control and zoning. In many discussions of urban planning the assumption is that these are the only legal powers available. Even though widely used, zoning is a rather weak tool. It is essentially negative in approach. It says what cannot be done in a particular area and has very little to say about what can or should be done, or it depends on implication to say what can be done, but the implication often is not very clear. Moreover, zoning has been notoriously subject to change in the face of pressures. It has seldom prevented a few people—or at any rate a few people with wealth and political power—from doing what they wanted to do. It may be helpful but it is not fully adequate to guide and control future urbanization and come to grips with the range of conflicts we have suggested exist. Subdivision control may or may not establish a sound pattern for suburban growth but usually subdividers are permitted wide latitude of action or inaction, and at best, subdivision control governs private development but does not guarante matching public programs. Many powers at all government levels might be used for urban guidance and control. We now use some, but mostly they are used planlessly with a lack of coordination between one power and another—and one level of government with another. Presumably we could do much better.

In this regard we need mention that such public investment as transportation probably has more influence on land use than any other single item. The effects of providing better and fast access from various areas to urban centers is immensely important to land use decisions. There are other public services, such as the provision of sewers, water mains, schools, power, park lands, etc., that have very great effect upon values and changes in use of areas, especially in the conversion of rural lands to urban use. But, again, these efforts often go uncoordinated with the other planning tools available.

While centralized planning of land use, and even more, centralized control of land would answer some of the problems, it is clearly unacceptable to most Americans and is not seriously proposed by anyone. But some forms of cooperative planning of land use involving as inclusive a group of agencies and interests as possible, so that actions taken by one would fit better with those taken by others, might well be possible and would be highly productive. A coordinating group should be broader than an agriculture group and also should be broader than a group of public agencies. As there are a diversity of interests involved in rural-urban transitions and as conflicts are a natural part of this transition, any kind of cooperative action must of necessity include a

range of interests if any meaningful progress is to be made.

We need to come up with better ways of resolving these conflicts. One possible direction is to have the people who are the beneficiaries of action and investments somehow and in some way compensate those who lose or who bear the cost. Few things could do more to reconcile divergent interests in rural-urban transition and conflicts of land use than better economic reconciliation between those who gain and those who lose. Some subsidies have a useful role, but there are good reasons to do away with others.

As matters stand now, we are witnessing everyone writing checks but these often are not the people making the deposits, and no one is keeping the stubs. We have an approach which is notably lacking in its assignment of financial responsibility. Great windfalls and great inefficiency exist. Surely we can do better than this. It is after all the rules of the game that we set up that in large measure determine the outcome.

Local Government Finance on the Rural-Urban Fringe

by

Dr. Thomas F. Hady

Let me, first of all, express my pleasure at having been asked to meet with you today. We have an important subject to discuss. Our cities are growing rapidly, and this rapid growth has forced upon us a whole new set of problems which we had not even begun to recognize 20 or 30 years ago. I think that it is a healthy sign that people like you, all over the country, are now concerned about the problems of minimizing the disruption which this growth inevitably produces.

I should, perhaps, note that we are traveling in only partially explored territory this morning. The unanswered questions in this area are legion. In part, we have not had the time to get answers to them; in part, we do not know how to answer them, and, in part, they involve value judgments which you, as citizens, must make and which are outside the province of economic analysis. In short, I have no pat solutions to offer you. I do hope, however, that I can help to sharpen the issues and to suggest alternative solutions to some of the problems.

My assigned topic is "Problems of Taxation and Financing Government Services." When I began thinking about what to say this morning I quickly realized that if I tried to cover that entire subject I would not have time to give you anything of value. For that reason, I am limiting my remarks to two areas. First, I want to say a little about government services and expenditures. My primary purpose is to remind us all that taxes are spent for something, and are not a sterile drain on the citizen's pocketbook. Second, I want to spend the major part of my time discussing proposals for modifying our method of taxing land in rural-urban fringe areas.

No one who has driven through the outlying areas of any of our cities in the past few years can doubt their rapid growth. The statistics bear these observations out. In 1960, nearly two-thirds of our U.S. population lived in what the Census Bureau defines as Standard Metropolitan Statistical Areas, or SMSA's as they are called for short. Further, from 1950 to 1960, the population in SMSA's increased by 26 percent, whereas, the population outside SMSA's increased by only 7 percent. In Missouri, the contrast is even more startling. The population in SMSA's increased by 21 percent—slightly less than the national average—but the population outside SMSA's decreased by nearly 18 percent.

Having recognized that our cities are growing, it seems to me that we need also to recognize several facts. The first is that the services of the fire department, the roads on which we get to and from shopping or markets, the schools our children attend, and all other services we obtain from government can not be provided free. And they are not free. In 1964, local governments in the United States spent a little more than $51 billion. Furthermore, their expenditures had risen from just under $24 billion in 1954—an average annual rate of increase of 8 percent a year over the 10-year period.

What accounts for this increase? A sizeable part was due to increase in the prices of goods and services that local governments buy. Another part was due to population increase. The remainder reflects increases in the services we demand of government—and as our incomes increase, it does not seem unreasonable that we should decide to spend part of those incomes on goods and services that governments provide.

If one were to look at expenditures of an individual local government on the fringes of one of our cities, of course, the picture would be much more dramatic. As the city population moves into the area, the needs for services may seem to explode. We need to provide schools for a vastly greater number of children, we have many more miles of streets to pave and maintain, more buildings to protect against fire, etc. More than that, however, we begin to attach more importance to other kinds of services when we find ourselves in an urban setting. If the house next door catches fire, ours might burn, too; we want building inspection and fire prevention services. The noisy parties next door or the kids shooting BB guns affect us, too; we want better police services.

The money to pay for these services comes, in large part, from the property tax. In 1964, local governments in Missouri got half of their total revenue, and more than 80 percent of their tax revenue, from the property tax. In these respects, they were not much different from the national averages.

With that background, let us now turn to the problems of the farmer in the path of urban expansion. As population increases, needs of local governments for revenue rise. Much of that money comes out of the property tax, and the farmer owns a lot of property. Furthermore,

the value of his land rises sharply because of its potential urban uses, and is taxed more. His income from farming, however, is not likely to rise much. As a result, he finds himself paying much higher taxes out of the same income. Recent USDA estimates indicate that taxes per acre levied on farms in Standard Metropolitan Statistical Areas average more than two and a half times the taxes on farms in counties adjacent to SMSA's, and more than five times those in rural counties—counties at some distance from metropolitan centers. It is estimated that about one-fourth of the total farm real estate levies in the United States in 1963 originated in metropolitan areas.

If the farmer does not have outside sources of income, or access to a sizeable amount of capital to tide him over, it is possible that he will be forced to sell the property to someone who does. Apparently, the individual to whom he sells often considers it not worth the effort to conduct farming operations on that land and it stands idle. These problems of the relationship of taxes to our short-run and long-run goals for land use on the urban fringe have given rise to a number of proposals to modify the property tax.

Before I talk about the proposed modifications in the property tax, however, I want to emphasize some decisions which ought to be made first. The ad valorem principle—the notion that each piece of property should be assessed at its market value—is an old and honored concept in property taxation. Departures from the ad valorem basis are not unknown in property taxation—standing timber and mineral deposits are examples—but it has been one of our major signposts on the road to equal treatment of taxpayers, and we ought not to turn away from it without good reason. It is essential, therefore, that before instituting any sort of preferential assessment program, we have some sort of a general consensus in the community as to the direction we want urban development to take. I cannot underscore the importance of this decision strongly enough.

Before any intelligent decisions can be taken regarding proposed tax policies for farmland on the urban fringe, there must be some agreement in society as to just what their objectives are for that farmland. For example, do we want to leave development on the urban fringe relatively untouched by government action; do we want to channel urban development into radial corridors reaching out from the city, with wedges of farmland and other open space in between; or do we, perhaps, want to promote the growth of satellite cities? To what extent do we want to maintain open space for recreational and other uses? What role does farming play in our desires for open space? In short, what role do we want farming to play in the suburban areas both in the short term and in the long?

There are other questions, too. What attitude do we, as a society, want to take toward the real, human problems of the farmer who is forced to uproot himself from the area where he has lived and farmed all his life, and begin anew in a different area? And what do we consider a fair taxing system? For example, some people argue that farmers require fewer governmental services—or at least no more than their city cousins, but that in an urbanizing area they are likely to pay substantially more taxes, and that this is not fair. Without some consensus on questions like these, we cannot even say whether there is anything wrong with the way farmland is presently taxed on the urban fringe, let alone what changes ought to be made.

Since part, at least, of the higher taxes on farms in fringe areas stems from the higher land values attributable to potential urban uses, the remedy which has occurred to farmers and other people in a number of the states has been a direct one—provide that farm land be assessed at its value for agricultural use, and ignore any other potential uses. Several states now have such laws, and at least two others, Texas and Nebraska, have constitutional amendments pending which would permit their adoption.

The Maryland law is a good example of a straightforward preferential assessment, or use-value assessment, law. In 1960, after a previous law had been declared unconstitutional, the Maryland legislature proposed a constitutional amendment (which was approved by a large majority of the voters) and passed a law providing for preferential assessment. The law says in part . . . "lands which are actively devoted to farm or agricultural use shall be assessed on the basis of such use, and shall not be assessed as if subdivided, it being the intent of the General Assembly that the assessment of farmland shall be maintained at levels compatible with the continued use of such land for farming and shall not be adversely affected by neighboring land uses of a more intensive character. The General Assembly hereby declares it to be in the general public interest that farming be fostered. ." The Act further provides that the State Department of Assessment and Taxation shall establish criteria for determining whether lands are in fact bona fide farms and qualify for preferential assessment.

Opponents of these laws commonly raise several objections. In the first place, landowners are being given a substantial tax advantage and little is required of them. In return, all they have to do is keep the land in agricultural use for the year in question (or, more accurately, have it in agricultural use on the assessment date and,

perhaps, for two or three years preceding). Furthermore, it is argued that nonfarmer speculators succeed in getting their land classified as farm land by conducting very minimal farming operations on it, and that the laws benefit these speculators more than they do the *bona fide* farmers. In effect, the argument is that the effect tof the law is not to preserve agriculture on the rural-urban fringe, but simply to subsidize individuals who are holding land for eventual urban uses.

One attempt to modify the law to take account of some of these objections is the deferred tax provision. Under this type of law, the assessor determines two values for the property each year. He determines the agricultural value and the tax levy for the year is based on that value. In addition, however, he determines and records the full valuation of the property, the value that would have been used for tax purposes in the absence of the preferential assessment provision. When the property passes into nonagricultural uses, the difference between the taxes that were actually paid and the taxes that would have been paid in the absence of the special provisions is collected.

An example of a law with this provision is the recent legislation in New Jersey. After having had some earlier legislation declared unconstitutional, New Jersey, in 1963, amended its constitution to permit assessment of certain lands on the basis of their value for agricultural or horticultural use. Specifically, the lands must be not less than five acres in area, and must be determined by the assessing officer of the taxing jurisdiction to be actively devoted to agricultural or horticultural uses and to have been so devoted for at least two successive years immediately preceding the tax year in issue. When any land has been assessed under this Act and later passes into nonagricultural uses, a "rollback" tax is levied. This tax is levied for the year in which the land use changes, and the two years immediately preceding. It is equal to the difference between the agricultural assessment on the land and the assessment which would have been made in the absence of the agricultural assessment law for each year, multiplied by the tax rate for that year. Oregon has a similar law, with a five-year "roll-back." The effect of such a provision in the law, of course, is to remove much of the financial incentive for the individual who is holding land for relatively near-term urban uses to apply for the preferential assessment. Students of local finance will be watching New Jersey and Oregon with interest, to see whether the three-year or a five-year "roll-back" is a long enough period to accomplish this objective.

An additional advantage claimed for the roll-back tax is that it provides additional revenue at exactly the time when it is needed for new schools, sewer extensions, and so forth.

There is still another school of thought, however, on the problems of taxing farm land on the urban fringe that would tie the use-value assessment to local land use zoning. This school holds that the usual use-value assessment laws are using a shotgun where a rifle is needed. It argues that our cities will continue to grow, and that we need to plan and to channel and control that growth. It is pointed out also that use-value assessments alone are relatively neutral in their effects on the direction of growth; use-value assessments must be granted whenever the landowner meets established criteria for a farm and chooses to apply for the assessment.

The plan to tie assessments to land-use zoning would give the community a choice, too. Local officials would be authorized to tax areas zoned for agricultural or open-space uses on their value for agriculture. Lands in other use zones would be taxed on the basis of their market value. The effect of such a provision would be to ally the tax incentives with the long-range objectives of the community for land use. Land in agricultural zones would be taxed at a lower rate, which would facilitate its preservation in agriculture. A "roll-back" tax, or a capital gains tax, might be included to recapture tax revenue if the zoning were changed and the land sold. Agricultural land in other use zones would be taxed on the basis of market value, and the higher taxes would supply an added incentive to convert it to urban uses.

Several points seem to me to be worth noting in connection with such a tax assessment plan. In the first place, if zoning ordinances are truly strong and well enforced, this provision amounts to nothing but an application of the ad valorem principle. If the land is in an area which has been restricted to agricultural uses, and if the community is determined to make those restrictions stick, then the land has no relevant higher valued uses, and only the value in agriculture should be taken into account in assessing it. The problem, of course, is that this implies a much more stringent and consistent application of zoning than we have ordinarily seen in this country.

We should also note that a tax assessment plan tied in with land-use zoning will not remove the incentive for the individual landowner to try to get land zoned for urban use. The value of his land, for residential use, if he could only get the zoning changed to permit it, may be ten times its value in agriculture, and the tax considerations may be only a drop in the bucket in comparison with the potential profit involved in selling for subdivision. We can reasonably expect, therefore, that pressures to change the zoning use class would continue to be very strong and the community must have a strong

desire to make planning work and a strong agreement on what the plans should be. Otherwise, it will be overpowered.

There is a fourth approach to influencing land use on the urban fringe which is only beginning to be applied. This is a program under which the local governmental unit obtains development easements on the land, through purchase, donation, or lease. These easements regulate the fashion in which the land can be developed. They might, for example, specify that the land could not be sold in tracts of less than a certain number of acres, or they might even specify that the land could not be devoted to urban use. One example has been the acquisition of scenic easements along the palisades of the Potomac in the Washington, D. C., area, by the Federal government.

Another example is a 1965 law in California which permits any city or county to enter into contracts to limit the use of prime agricultural land to agricultural uses. The contracts run for ten years and are automatically renewed unless one of the parties gives notice that it does not want to renew them. Before a contract can be made, the land must be devoted to agricultural use, be located within an area designated by a city or county as an agricultural preserve containing not less than 100 acres, and meet the specifications in the law of "prime agricultural land." The contracts provide for an annual payment by the local government of 5 cents per dollar of assessed value, and this payment is partially supported by the state. The landowner may, however, waive the payment, and the city or county may require a waiver up to the amount of the assessed value at the time the contract is made. A parallel law requires that if land uses is restricted by one of these contracts, "the assessor shall consider no factors other than the uses permitted under such restrictions when there is no reasonable probability of the removal or modification of the restrictions within the near future."

This, then, is the spectrum of present policies or proposals for taxing land on the urban fringe. I would be remiss if I did not spend some time pointing up some of the problems which arise under these. One problem, I am sure, has already occurred to many of you who are presently responsible for assessment. This is the problem of determining whether land is currently being devoted to farming. The Maryland Department of Assessment and Taxation has compiled a list of some 29 criteria which are to be considered in assessing farmland. I won't read them all, but let me list just a few of them: the zoning applicable to the land; the general character of the neighborhood; the use of adjacent properties; the proximity of the property to metropolitan area and services, the present and past use of the land; the date of acquisition; whether farming operation is conducted by the owner or by another for the owner; the productivity of the land; the acreage of cropland; the acreage of each crop planted; the number of livestock or poultry (by type); the amount of fertilizer and lime used; the ratio of farm or agricultural use as against other uses of land, by area and/or by sales; and the inventory of buildings, machinery, and equipment, and the condition of same.

New Jersey has a similar set of requirements, although theirs is somewhat shorter. New Jersey defines land devoted to agricultural or horticultural use as land on which crops are grown for market; on which cover crops are grown as a part of a regular crop rotation program; on which are maintained farm animals whose products or the animals themselves are produced for market; which has met the requirements for payments under the soil bank program; or which meets certain other criteria. The problem of providing an operational definition of farmland is a difficult one, and I am afraid there are no easy answers to it.

A related problem, and perhaps even a more difficult one, is determining the value of land in its agricultural use. In theory, this is the relatively simple job of determining the capitalized value of the earning power of the land when devoted to agriculture. In practice, however, as anyone who has tried it knows well, this approach is not easy. Soil data may provide useful guides in determining value for property tax assessment, but they are an imperfect guide. Better methods need to be developed. A good starting point might be to find out how assessors in areas that have such laws are doing the job now. Most of these laws are quite new, however, and there appears to have been very little research done that would tell us how assessors are actually determining agricultural value under them.

Another problem, and again there has unfortunately been little research as yet, is determining who benefits from various kinds of preferential assessment laws, and how the benefits differ with different provisions. Do the laws, for example, actually have the effect of preserving land in farming? Or do they simply provide a windfall gain for speculators? A.related question: how effective are our preferential assessment laws in preserving farming, and how might they be changed to make them more effective?

In conclusion, the rapid urbanization of our society has forced us to ask ourselves a number of questions. The most fundamental of these questions is the determination of our short-run and long-run goals for urban development. Without some consensus as to what kind of urban development we want, what role we want farming to play in the urban fringe, and what we consider to

be a fair system of taxation, we cannot begin to consider modifications in our taxing programs.

Once we have decided these questions of equity, and once we have decided where we want the factories, where we want the high-rise apartments, where we want the single-family residences, where we want the farms, and what proportions we want of each, then, and only then, can we ask whether changes in our taxing policies can help us to achieve these goals. Without these basic decisions, preferential assessment is not likely to help us much. With these basic decisions, some form of preferential assessment may be a useful addition to our kit of tools.

Social Characteristics and Problems of the Urban Fringe

by

Dr. Daryl Hobbs

The urban fringe is a predominantly rural area that has been "invaded" by people whose occupations and interests are located in the central city of a metropolitan area. The "invaders" and the "invaded" are different kinds of people with different kinds of occupations, interests, values, and desires for public services. This diversity is one of the distinguishing features of the rural communities and neighborhoods that surround our rapidly expanding metropolitan areas. It is in the rural-urban fringe that the expanding edge of growing metropolitan areas meets primarily agricultural rural communities. This meeting is often accompanied by conflicts of interests, styles of life and desire for services.

Contrary to rural communities more remotely located from metropolitan areas, the urban fringe communities are gaining population and are facing an expanding demand for more public services. Whereas the current problem of most rural communities is one of a continuing decline in the population of young adults, the problem of the fringe communities is a rapidly increasing population of young adults with a resulting increase in children. This increases the need and demand for educational and recreation facilities.

The fringe should not be equated with suburb. Whereas a suburb is usually considered to be an incorporated population center at the edge of a large city, the fringe is that area which lies outside these incorporated places and which is characterized by mixed land use.[4] The fringe perhaps may be thought of as a predominately rural area that is in the process of becoming suburban. Evidence of this process is provided by census data which indicates that in St. Louis County, the number of incorporated places totaled 41 in 1940, 82 in 1950 and 97 in 1960.[23] Obviously much territory that at one time could have been considered "fringe" has been incorporated. Thus these areas are no longer "rural-urban" fringe but have become "urban suburbs."

A part of this transitional process involves a shift in land use from agricultural production to principally residential purposes. As a result, population density increases. However, since the areas have been used primarily for agricultural purposes, the services such as fire and police protection, libraries, garbage collection, etc., usually associated with a concentration of population are missing. Since the principal economic base of such areas is commuting, the tax base necessary to provide such services is also usually missing. Consequently, agricultural land becomes a major means of support for expanded services. One recent study revealed that farm real estate taxes per acre in metropolitan counties were twice as high as taxes on farms in counties next to metropolitan counties and five times the level of taxes in rural counties in 1960.[25]

In a rapidly industrializing society, a usual concomitant is an expansion of urban influence into formerly rural areas.[17] Since it is the industrializing influence which is expanding rather than the agricultural, the urban way of life usually predominates and exerts influence on the rural. Consequently, despite the mixed land uses of the rural-urban fringe, these areas are economically and socially a part of the city around which they have developed.[1] The direction of influence is from the central city out. The "invaders" bring with them a way of life and a set of desires that are not congruent with the rural areas where they move.

It will be the purpose of this discussion to focus attention on the social characteristics of persons living in the rural-urban fringe and to report the results of recent research. Attention will be focused on who lives there, why they moved there, and the probable social consequences of this migration.

As was pointed out previously, the rural-urban fringe represents a social mixture. Contrary to mass-produced housing developments which tend to be populated by young, rather well-educated commuter families, the fringe areas are a mixture of the "old-timers" and the new arrivals. The established residents of these areas make their living in the locality and perhaps only occasionally travel to the city. Their way of life is focused on the locality. The newcomers, on the other hand, make their living in the city and consequently spend more time in the city than in the locality.[20] Their way of life is focused on the

city. Thus there remain the vestiges of a rural-oriented community merged with the attitudes, values and life-styles of urbanites.

The newcomers to the fringe are predominantly young married adults with an abundance of children.[15, 18] In St. Louis, Jackson, Clay, Greene and Buchanan Counties, for example, the proportion of the population under 20 years of age is higher in the unincorporated rural areas than it is in the incorporated towns and cities of the county.[24] About 40 percent of the rural population of these counties is under 20 compared with about 36 percent for the town population of these counties and for the state as a whole. The proportion of the rural population under 20 is even higher in St. Charles and Jefferson Counties. In these two counties, nearly 45 percent of the population is under 20.

In addition to being young families, the newly arriving residents of the rural-urban fringe have other distinguishing characteristics. They have for the most part moved from the central city or adjoining suburbs.[2, 15, 19] One Missouri study, however, reported a significant number of families who moved from more distant farms or small towns to live in the fringe but seek employment in the city.[10] Another study revealed that only 20 percent of the fringe residents were raised in the fringe area. Of the remaining 80 percent, about two-thirds were raised in a city and the remaining one-third in the county.[15]

Closely associated with the pattern of movement to the fringe is the fact that most of the newcomers are highly mobile people who have moved several times during their adult life.[7]

Although it can be generalized that newcomers to the fringe are predominately young mobile families who move from the city, it is more difficult to generalize concerning their social and economic characteristics. The fringe residents represent a wide range of occupations including unskilled workers as well as professionals.[10, 15] Correspondingly they vary greatly in terms of income and level of education. However, when compared with permanent residents, the newcomers represent higher average levels of education and income.[3]

Here in Missouri the income and education level of the rural population is highest in the metropolitan and immediately surrounding counties. However, in each of these counties (Clay, Jackson, Buchanan, Greene, St. Louis, St. Charles, Jefferson) both the educational and income levels of the rural population lag well behind the levels in the urban population. In Clay County, for example, median family income of the rural population was $5,048 compared with $6,606 for the urban. The median educational level of the rural population was 10.3 years compared with 12.1 for the urban.[24]

A part of the social and economic diversity of newcomers to the fringe may be associated with a difference in motives for moving to the open country. Several recent research studies have shown that environmental, social and economic reasons are mentioned as motivating factors for movement. However, each of these studies indicates that environmental-social motives predominate.

In one study conducted around Milwaukee, it was reported that the principal motives were: better for the children; less congested; cleaner; more space; and lower taxes.[6] Similarly a study conducted around Lansing, Michigan, reported the principal motives as: more space; more freedom; better for the children; and lower rent and taxes.[2] A study around Des Moines, Iowa, revealed a very similar pattern with apparently social values playing a more important role than economic reasons. The reason mentioned most often was a "rural or country environment close to the city."[8] In each of the studies cited, economic factors such as lower taxes or rent were mentioned but usually by no more than 10 percent of the respondents. From the studies cited, it is apparent that one of the principal lures to the fringe is that it is perceived as a better environment in which to raise children. This could well account for the relatively high percentage of young families found in the fringe areas. In addition, the desire to get away from urban congestion seems to be an important consideration.

However, there is a paradoxical element involved in the motives of people moving to the fringe. While they list as their principal considerations more freedom, space, and a better environment for the children, they apparently desire the kind of services which would have the effect of modifying these advantages. In the study conducted around Des Moines, it was found that the residents desired more retail establishments, new industry and job opportunities, more recreation facilities for young people, better water system, parks, school facilities, etc.[13] Reporting on similar findings, Martin suggests that "the currently popular rural amenities offered by fringe residence are illusionary." For example, almost without exception the motivations most frequently offered for moving from the city pertain to more enjoyable living situations, especially for the children. However, in a study of the fringe area of Flint, Michigan, dissatisfaction with recreation facilities for children (40%) was surpassed only by dissatisfaction with street lighting (44%) and public transportation (42%)."[17] Thus, it appears that there is a desire on the part of many migrants to the fringe to have the advantages of both rural and urban living without the disadvantages of either.

It was suggested previously that the rural-urban fringe is socially and economically a part of the metro-

politan complex around which it develops. The economic connection is evidenced by the high proportion of commuters found in fringe areas. However, apparently just as the residence and occupation of the commuter are separated, so is his residence and social activity. Again recent research sheds some light on social organization and participation in the fringe. In general it has been found that those who move to the fringe from the city or suburbs tend to maintain their organizational or friendship ties in the place from which they moved.[2, 13, 18, 21] Consequently, it is found that the newcomers participate little in the social activities of the locality in which they live.[15] Most local fringe participation seems to involve farmers, long-time residents and those migrants having a rural background.[15, 21] This lack of social participation in the fringe by persons moving from the city includes not only failure to join local organizations, but also a tendency not to participate informally. The study of the Lansing, Michigan, fringe reported that one-third of the residents rarely came into contact with any families in the area, while 40 percent never visited local families.[15] Similarly a study around Columbia, Missouri, reported that people who moved to the country from town had a greater number of visiting relationships with friends in the city.[11]

The implications of these findings suggest that the maintenance of social ties with the city increases the social interdependence of fringe and city. It perhaps stimulates a continuing interest in the issues and problems of the city and metropolitan area. It might even be suggested that fringe residents are better informed about issues in the city than in their locality. However, on the other hand, the apparent lack of participation in organizations and activities in the fringe is indicative of a lack of social integration. As stated by one writer, "the commuter has little time to spend with his family and even less for the community. He becomes a weekend resident. He neglects local clubs, organizations and activities, and his acceptance as a member of the community is delayed or prevented.[16] Thus, in a sense, the migrant to the fringe may be considered to be *in,* but not *of,* the locality in which he resides.

One implication of the apparent lack of social integration can be noted from a recent research study of political participation in suburbs and the fringe.[12] The findings from this research reveal that voting in local elections was found to be highly associated with belonging to local organizations.

Of those who belonged to local organizations, approximately 80 percent voted in local elections compared with about 40 percent of those who did not belong. Thus a lack of social participation seems to result in apathy concerning local issues. This apathy can result in a failure to make institutional adjustments necessary to accommodate an expanding population.

As a result of the influx of young mobile families into rural areas, certain institutional and service adjustments are necessitated. In many cases, the expanding population is served by schools, churches, governmental units and business establishments which were designed to accommodate a much smaller and predominately rural population. As a result, existing facilities are overburdened, and often temporary and makeshift arrangements are made. Fuguitt cites the case of a rural one-room school district which had 19 pupils in 1954, but 66 in 1955. However, it was not until 1957 that the district began construction of a four-classroom building.[9]

The problem of institutional adjustment and adaptation in the rural-urban fringe especially with respect to schools and other tax-supported services seems to revolve around three considerations: (a) time lag between need and response to the need, (b) taxation and means of support and (c) potential conflict of interests between the older residents and the new arrivals.

Throughout our society there is a characteristic lag between the time a need for institutional adjustment develops and when the actual adjustment is made. However, in the rural-urban fringe this time lag may be lengthened because the institutional need develops in an area which is not equipped to make rapid institutional adjustments. Administrative and governmental bodies in these areas are geared to serve a stable, sparsely populated rural area. With a rapid influx of population, such units are called upon to cope with problems for which they were not designed. Thus the length of time required to respond to new needs and demands may be increased. Diminishing the time lag points to a need to more effectively anticipate population changes and the institutional and public services needs which will be generated.

Closely related to the time lag in adjustment of institutions and services is the existing structure of financing and taxation. As pointed out previously, the economic base of most rural-urban fringe areas is a combination of commuting and farming. Since the businesses and industries which employ the commuters are located outside the area, the major taxable property consists of residences and farm land.

Frequently rural areas outside metropolitan centers are characterized as being rather small in size and thus subject to a wide range of variation in property valuation. In an Iowa study it was found that in one urban fringe county, a local rural school district had a valuation of $35 million and a resident enrollment of 559 pupils.[14] Another rural district in the same county had a valuation

of $500 thousand and an enrollment of 542 pupils. Thus the one district had over 50 times the taxable property behind each child than another in the same county. An even more extreme difference was found in another metropolitan county in Iowa where one rural district had 160 times more valuation per child than an adjoining rural district. Such variations could obviously be expected to present a difficulty in meeting the need for more educational facilities in the urban fringe.

Throughout this discussion, the diversity of the population of the urban fringe has been emphasized. The "invaders" represent younger families with children who maintain their occupational and social ties with the central city but depend on the fringe locality for provision of public services. When the problems of financing and providing for these public service needs are added to the social diversity, they suggest the possibility of potential conflict. As stated by one writer,"Most of the conflict with the rural community concerns public services. Exurbanites hope to obtain the advantages of rural living without sacrificing the comforts and conveniences of urban life. The newcomers are accustomed to urban services; the old-timers are satisfied with the status quo. Roads, schools, police and fire protection, trash collection, planning and zoning, industrial development, water supply, etc. can become points of disagreement. Many fringe and suburban communities with a non-industrial tax base cannot afford the kind and quality of services provided in the city. The rural resident dislikes to pay for services he never had and never wanted."[16] Thus the potential conflict concerning the need for various public services may be a factor which retards institutional adjustment and adaptation.

Further, the diversity of the population with respect to differences in life-styles, interests and social participation may result in barriers to communication which decrease the probability of joint effort in working toward the solution of institutional and public service problems. Not only may differences of interests impede communication, but often the necessary means of communication are missing. Since the fringe is defined as that area which lies outside incorporated places, often the usual forums of public opinion found in towns and cities such as locality-based newspapers, town councils, community service organizations and the like are not found. Therefore, greater reliance may be placed on informal means of communication which as suggested by the research apparently occurs only to a limited extent between the new arrivals and the older residents. In the absence of communication, an apparent conflict may be perpetuated that could be resolved if effective communication were to occur.

From a sociological point of view, the rural-urban fringe may be considered as a transitional area which is in the process of changing from rural to urban in terms of land use, population, orientation and interests. As such, it is a part of a general pattern of population redistribution which has included a heavy rate of migration from rural to urban America. As with any area undergoing rapid transition, the rural-urban fringe is faced with many problems concerning institutional adjustment and adaptation, provision of public services and modification of the existing social structure. An "invading" population places heavy demands on govermental, educational and service structures which were designed to serve a smaller, agriculturally-oriented population. New services which had formerly not been provided are now in demand.

The major problems faced in meeting these demands and making necessary adjustments seem to revolve around three basic considerations: (1) reducing the time lag between need and response to the need, (2) means of financing needed services and (3) conflict of interests between oriented newcomers to the fringe and the older established residents. Each of these considerations implies the necessity for new structures to solve the problems created by increasing urbanization.

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Legislation, Present and Pending, to Control Land Use

by

Robert C. Simonds

The problem area just outside our cities and just inside the unincorporated area of our counties continues to plague us as an eyesore and a dilemma for proper development. We generally think of it as something unavoidable because it is noticed around most cities and there are economic reasons which cause it to be so. That does not make it a completely unsolvable problem and it can be attacked through better legislation and cooperation between the city and county government.

Dr. Knetsch mentioned that land use controls are difficult in this fringe area and not as effective as they should be. This I will agree with in part. However, having worked in several areas in other states where this problem has been solved, I think there is a lesson to be learned and put into practice. The problem is often one of jurisdiction and control and the best solution I have seen is through joint cooperation and control measures. This means having a joint city and county planning commission and city and county zoning and subdivision administrator. This should be coupled with a city and county health inspector.

I would also suggest the extension of city zoning and subdivision control for one and one-half miles beyond the city limits as long as the city commission has people from this one and one-half mile rural area who are a part of the "City and County" Planning Commission.

This concept cannot be applied to every circumstance, however, I believe it would be of great benefit for the majority of cities and counties. It would then bring about much needed cooperation between city and county and a uniformity of regulatory controls which is presently lacking. Furthermore, this working relationship can be examined in our surrounding states of Illinois, Iowa, Nebraska, and Kansas. It is a solution that does work and it is surprising to me that it has not been used in Missouri long ago.

Land use controls have to be exercised in a consistent and equitable manner. Often the health inspector has a great influence because he determines through percolation tests on the soil the size of lots necessary for areas that do not have a sewer system.

Very briefly, the present enabling legislation breaks into two main areas:

1. Those laws for county planning and zoning under Chapter 64 of the Statutes.

2. Those laws pertaining to city planning and zoning under Chapter 89 of the State Statutes.

Under the county law there are two alternative approaches that may be followed:

1. The County Court may place on the ballot of a general or special election the question of county zoning (and planning), and voters are asked to either approve or reject the issue. If the issue is approved by the required simple majority, then the County Court may appoint members to the planning commission. This approach has been on the books for many years and applies to second and third class counties. First class counties may establish this as an administrative function.

For all the years that this law and prescribed procedure has been available, only 14 counties have taken up any action in this state. This means that the remaining 100 counties have taken no positive action that has been fruitful. Some have tried the issue before the voters and failed because of insufficient educational programs prior to the election.

2. The alternative approach has only been on the Statutes since October 13, 1965. This so-called alternative allows the planning to be split from the zoning function and each voted on separately.

Again, a simple majority is required and, if passed, the County Court may appoint a planning commission. The commission may then prepare a plan for the county and adopt platting procedures for the control of the subdivision of land.

At another time the County Court may put on the ballot the issue of zoning. If this carries favorably, then the zoning function may be undertaken and procedures for it carried out.

This new law is applicable to all second, third and

fourth class counties. The previous law excluded fourth class counties.

Also, this new law provides for the elimination of either the planning function or the zoning function by a vote of the people.

The city planning and zoning laws under Chapter 89 provide the enabling law for any city in the State, regardless of size or class, to undertake both planning zoning after the passage of a city ordinance that meets the requirements of the state law. The city is allowed to establish the planning and zoning by their own administrative procedure. These powers do not go beyond the existing city boundaries.

One of the shortcomings of the present laws is that there is no form of enabling legislation for regional planning; there is no way for a city and a county to form a joint planning commission, or for a county and county, or for a county and a city and adjoining counties or cities in other states. This form of regional planning is needed and will become more important in the future.

Also, the need for extra territorial zoning and subdivision control for the distance of one, one and a half, or two miles beyond the city is being considered.

One group that is working on this proposed legislation is the Missouri Planning Association which was formed three years ago and mostly composed of planning commission members and some professionals.

I think it is important to realize that Missouri is a state that has only recently moved into the areas of city and county planning and there is much to be done to bring the majority of cities and counties that need planning up-to-date and to improve the legislative means to adequately carry on these essential functions. This, I believe, is the best approach to solving the problems of the urban fringe.

Discussion Groups

GROUP A—EDUCATIONAL AND SOCIAL PROBLEMS IN FRINGE AREAS

Chairman: James Hart
Secretary: Ralph Rogers
Resource Person: Daryl Hobbs

Dr. Hobbs reviewed his morning presentation. It was pointed out that little is known about the leadership and power structure in the rural-urban fringe. As had been mentioned, the fringe is in a state of social transition and consequently is undergoing a change in social power.

Research indicates that people moving to the fringe tend to maintain social contacts in the city from which they moved. Due to their lack of involvement in local issues the power probably remains with the rural part of the fringe population.

Question: What are some methods of identifying the power structure?

Answer: There are several methods. Most involve a "reputational" approach. Basically this approach consists of identifying persons in the locality who are actively involved in community activities such as bankers, newspapermen, school superintendents and others. These people are then asked to indicate the persons they feel have the greatest amount of influence in local issues. This usually results in a number of people being named frequently as persons who are influential in community activities. These names are an indication of local power structure. Several studies have gone a step further and asked the persons who were named as members of the power structure to also indicate who they thought had the greatest amount of influence in community activities. This procedure usually results in their naming or identifying the same persons who were named by the initial contacts.

The type of power structure differs with the type of community. Generally in small communities you may find a single power structure which is influential in a number of different issue areas. However, studies in larger towns and cities have shown different power structures separated by issue area.

A factor that needs to be taken into account in the rural-urban fringe is the "silent mass." These are the people who live in the fringe, but who are not actively involved in locality affairs. Since this group is not actively involved in local affairs, they may be little influenced by the local power structure. However, on issues that develop their opinions will be expressed in votes on bond issues and other public referendums.

Question: How can divergent and fractional groups be led to a situation where cooperation is possible?

Comments and suggestions: A community is an area that can be identified locally by the people who live there. It is usually easier to obtain coordination or cooperation where a sense of community exists or has been established.

Children are a tremendous integrating influence. Programs that involve children are effective in getting adults involved in school and other community affairs.

One of the problem sources is metropolitan areas is the inflexibility of governmental units such as municipalities, school districts, water districts, road districts, etc. Their boundaries tend not to follow the boundaries of social and economic interaction.

Social problems such as apathy are associated with the fact that people retain their major interests where they work and where their established social relationships are retained. Also some people move to the fringe for the express purpose of getting away from active involvement in public affairs.

Question: What kind of adult educational programs will involve citizenry and develop attitudes more receptive to change?

Comments and suggestions: How knowledgeable are the people who live in the rural-urban fringe regarding the forces that are at work? Only a small percentage of people in any locality are actively involved in community and public affairs. It would be important to work with and through these people in developing educational programs to better inform the populace concerning the problems affecting them. Having a better informed public is a major means of solving some of the problems that exist in our metropolitan areas.

GROUP B—PROVIDING MUNICIPAL SERVICES

Chairman: Jay Bell
Secretary: Richard Dohm
Resource Person: Jack L. Knetsch

A wide variety of urban problems was discussed by the panel including:

(1) lack of planning in metropolitan areas;
(2) different levels of financial ability among districts;
(3) lack of land-use studies being done by the University of Missouri;
(4) inequities in road construction and maintenance in Jackson County;
(5) problems with water supply districts and private water companies;
(6) sewage problems in Independence;
(7) legal restrictions on taxing abilities of Missouri communities;
(8) annexation.

In the discussion on school districts, it was pointed out that certain districts in the Kansas City area are unable to adequately support their children through high school, while others are capable of putting their children through college on as little as a 25¢ per $100 valuation tax levy. (The tax levy in Kansas City is over $2.00 per valuation). Mr. Bell suggested that either the form of taxation be changed or the structure.

Mr. Knetsch raised the question of the role of the University in solving urban problems, and specifically wondered why the University was not doing more land-use studies. Mr. Bell explained that private research organizations in both metropolitan areas had eliminated some of the pressure upon the University for urban research. Mr. Dohm explained that the University did not have a School of Architecture which has been the traditional discipline concerned with planning and land-use studies.

Mr. Curtis raised questions concerning Jackson County road systems and explained that annexation in the Kansas City area has resulted in less road mileage for county maintenance. Because the tax levy has remained the same, the county has more than enough funds to maintain rural roads, but very few of the monies are going to the city for road construction and maintenance. Furthermore, if the special road district in the county is dissolved, the lower court levy will prevail, and even less money will be returned to Kansas City.

The subject of private water companies was raised, and Mr. Bell pointed out that there are both pros and cons to having a large number of private water companies in the state. The main advantage is due to private water companies having more operating flexibility than public corporations. However, there is a major disadvantage in having private water companies because they are often not concerned about the implications of indiscriminate expansion. For example, if there are enough users outside a municipality boundary, the water company will run out a service line without taking into account the developmental pattern that usually follows such an action.

Municipal utilities, on the other hand, can more readily control development outside municipal boundaries by refusing service to a subdivider who has an ill-conceived plan. Mr. Renner also pointed out that some problems are arising due to creation of water supply districts around Kansas City. The building of facilities is sometimes chaotic, due to organizational fragmentation. Questions concerning sewage systems were also raised; Mr. Bell pointed out that Independence has one area not sewered, although it includes many homes with government insured loans.

Annexation was also discussed, and Mr. Bell commented that municipalities in Missouri are so restricted financially that annexation is the only alternative to gaining added revenue. Other questions were raised concerning the responsibility of municipalities to service newly annexed areas within a certain time period. It was pointed out that statutes require municipalities to service annexed areas within three years. It was also pointed out by Mr. Curtis that in the Kansas City metropolitan area some annexations in outlying areas are merely to prevent expansion of Kansas City.

Two other topics discussed concerned transportation and diseconomies of scale. State highway departments or commissions were criticized because of their tendency to fragment their construction activities throughout the state, rather than concentrating on needed sections. It was pointed out that the first work on interstate highways was in areas of low vehicle usage, whereas work is delayed in high density areas. Also, questions were raised as to the advisability of running interstates through city cores. It was pointed out that this policy resulted in adding to the flight from the city by making remote areas more accessible, and raising city taxes. Furthermore, building an interstate system has not solved the problem of congestion, because demand is such that capacity is reached almost immediately after completion.

With respect to diseconomies in scale, several members of the committee suggested that it is time to make value judgments regarding the size and types of cities. Extreme size leads to diseconomies in scale, and it was suggested that perhaps satellite cities are a viable alternative to the phenomenon of megolopolis.

GROUP C—TAX PROBLEMS—URBAN FRINGE

Chairman: George Weber
Secretary: Melvin Blase
Resource Person: Tom Hady

Numerous urban fringe tax problems were described by representatives from the following counties: St. Louis, Clinton, Jackson, Ray, Johnson, Lafayette, Cole, Jefferson, Platte, and Greene. For example, mention was made of the fact that the Federal government, through matching fund programs, is affecting the development of the urban fringe without adequate local planning. Another problem grows out of the multiplicity of taxing jurisdictions, e.g., special sewer districts, special road districts, etc. Also, difficulty is encountered in attempting to arrive at the fair market value of agricultural property for tax assessment purposes, as required by law. A related problem revolves around the fact that land on the urban fringe often sells for more than its agricultural value. This creates problems for the farmers who must pay taxes, based on current market values, out of farm income. The consolidation of schools as well as their expansion has required more tax revenues in some areas, thereby, placing a burden on real property owners. This method of taxation has been described by some as a "horse and buggy" system to generate revenues for a "jet age" system. Consequently, questions have been raised concerning the best base for local tax revenues—income, wealth, inheritance, capital gains or sales.

A number of alternative remedies to these problems were suggested by participants in the discussion group. Dr. Hady pointed out that the state of Maryland is attempting to estimate market prices of land for tax purposes based upon soil classification.

In order to provide real property tax relief several suggestions were made. One involved shifting to more dependence on income taxes. For example, a proposal has been made in St. Louis County for the state legislature to establish a stable real property tax levy and authorize a local income tax. Another suggestion was to rapidly expand the grant-in-aid system to provide local property tax relief. Reference was made to the state of Virginia where a shared sales tax is being considered. Under this proposal one percent of the three percent sales tax collected by the state would be allocated to local governmental units. In addition, the possibility of a local sales tax and a local capital gains tax was discussed. Finally, the intangible property tax was considered as a means of taxing property other than real and personal property.

In summary, recognition was made of the increasing tax revenues required to support local governmental units, especially school systems. In the recent past undue reliance seems to have been placed upon real property as a source of tax revenues, while land has been becoming a less important factor of production. This taxing system apparently is distorting land use patterns and giving rise to a multiplicity of special tax districts. More imaginative views need to be taken toward changing not only taxing units but also the tax base. As economic development continues, more consideration should be given to other aspects of the tax base, e.g., income, sales, inheritance, capital gains, intangible property, etc., than to real property, if the needed improvements in school systems are to be realized.

GROUP D—PROBLEMS ASSOCIATED WITH EXPANSION OF THE URBAN CENTERS INTO RURAL AREAS

Chairman:	Howard Cowden
Secretary:	James B. Cook
Resource Person:	Robert C. Simonds

Mr. Cowden opened the meeting with a review of his personal experience in watching the area in which he lives transformed from the fringe to the city. He related that the open country of thirty years ago around his home was now in urban development including five churches and several shopping centers, and that the period of transition presents many problems which need the attention of the citizens and all levels of government.

1. The first question raised concerned the control by municipalities of land uses, etc., adjacent to their city limits.

Mr. Simonds commented that in Missouri there are no provisions for extra territorial zoning by municipalities, though this technic is available in many other states.

He also reviewed briefly the attempts in the last few years to adopt new legislation which would provide for some control by cities of lands within a limited distance from the city limits. He concluded that none of these efforts met with much success.

Finally, it was noted that in the event there was County Planning and Zoning, under the law, the County Planning Commission must notify municipalities of any plats filed or zoning changes proposed within one and a half miles of the city. The municipalities then have the opportunity to protest any action taken by the county in these matters which the city may feel is adverse to its interest.

2. The question then was raised concerning whether there was basis for multi-county planning arrangements.

Mr. Simonds stated that many situations almost require multi-county planning arrangements, e.g., major water shed developments, metropolitan transportation planning. He said there can be many advantages for cooperation in planning activities on a regional basis.

He continued that there was no enabling legislation in Missouri generally which provides regional planning though there are now several attempts at voluntary cooperation among various counties and/or other jurisdictions. Mr. Simonds said that his office and the Missouri Planning Association are very interested in developing legislation to propose to the next session of the General Assembly which would make provisions for regional planning arrangements.

Mr. Cowden mentioned that in his area there is an attempt to get cooperation among several counties concerning water resource development and the question was raised whether a county may spend tax money for services that will take place in another county.

Mr. Simonds commented that there are many unanswered questions and problems with voluntary planning cooperation without enabling legislation.

A question was directed to Mr. Simonds whether cities and counties can cooperate under the Federal "701" Urban Planning Assistance Program.

Mr. Simonds stated that this may be done under "701" and the cost broken down among the jurisdiction on a population basis.

3. The group then discussed the enabling legislation for County Planning and Zoning. It was pointed out that in 1965 the General Assembly, by the passage of House Bill No. 453, adopted new provisions; however, it did not repeal Sections 64.510 to 64.690 RS Mo., so both the old statutes and the new provisions (effective October 13, 1965) are still in force.

It was explained that second and third class counties that have established County Planning and Zoning under Section 64.510 to 64.690 would continue to operate under this section. It was pointed out that it was not entirely clear whether second and third class counties wishing to establish planning would or would not have the option as to the law under which to adopt planning or if they would be required to follow House Bill No. 453. Fourth class counties were not included under the older provisions, so if fourth class counties are interested in providing for planning it would have to be under the new legislation.

It was pointed out that under both laws the voters must approve the proposition before the County Court may appoint a County Planning or Zoning Commission. Under both, the County Court may place the question on the ballot at its discretion and no petition from the qualified voters of the county is technically required.

Under Section 64.510 to 64.690, if the court orders the planning question to be placed on the ballot, the question would be submitted to the voters as follows:

For or against County Zoning (or Planning). If it passed it would grant authority to the county to implement all or any part of Section 64.510 to 64.690, which includes both planning and zoning.

Under House Bill No. 453, several options are open to the court. The court may submit only the question of authorizing planning, or only of authorizing zoning or of authorizing both planning and zoning. So the question submitted by the court may be any one of the following:

1. For or against county planning;
2. For or against county zoning;
3. For or against county planning and zoning.

In addition, Section 64.510 to 64.690 contained no provision for termination of county planning and zoning once approved by the voters. In contrast, House Bill No. 453 permits the court to submit to the voter the question of whether the planning, zoning or planning and zoning program shall be terminated or continued.

Some other differences in the two laws outlined were: under the older section the County Planning Commission could adopt the official master plan and subdivision regulations, but under HB 453, the official master plan, subdivision regulations as well as zoning must be adopted by the County Court on recommendation of the commission.

The question was asked from the floor—if a county voted on planning and not zoning, under HB 453, would the planning operations continue?

Mr. Simonds commented that it was his understanding it would.

It then was asked whether a county considering planning should go under the older sections or HB 453. Mr. Simonds responded that it was not clear if second and third class counties that have not had planning under Section 64.510 to 64.690 would have the option of going under either law. However, he added that whatever the situation, counties need planning and zoning together.

It was asked if the passage of the planning and zoning question at the polls gives the County Court authority to incur expenses for the program. Mr. Simonds said yes.

Mr. Simonds mentioned that municipalities in Missouri may establish a Planning Commission by ordinance without an election.

4. If the Court or Planning Commission adopts subdivision regulations or zoning, can these be changed, was the question next raised.

This was answered that the body with authority to adopt such regulations may then change or amend them. However, no change in zoning or subdivision regulations may be made without an official public hearing, the same as required by statute, for the original adoption of the regulations.

The comment was made that cities or counties with regulations concerning junk yards, etc., just force these undesirable uses in those areas without regulations.

It was observed that counties which have taken preventative and enforceable controls are protecting their interests and any dispersal of undesirable developments into other areas is a function only of the other areas' lack of action to protect their interests.

5. There followed a general discussion of problems of coordination among counties, municipalities, special water districts, etc., relative to annexations, extension of services, etc.

One problem specifically mentioned was whether some method could be found to delay taxes in underdeveloped areas annexed by municipalities until such time as the municipal services reach the area.

6. The discussion concluded with a consensus that comprehensive planning was needed in all rural areas.

Mr. Cowden commented that President Johnson had just made a proposal for assistance to Community Development Districts in rural areas to handle comprehensive planning. It was explained that these districts would be based on normal commuting and trading patterns of rural and city residents.

7. *Recommendation*—After discussion, the group agreed upon the following recommendation:

> *That the University of Missouri begin immediately to make basic studies in the state with the view to making suggestions concerning possible Community Development Districts within the state, in order that the state would be in a position to take immediate advantage of this Federal program to assist comprehensive planning in rural Missouri.*