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DRAFT FOR DISCUSSION

Staff paper on Model Cities

The discussion which follows treats those problems and conflicts which are likely to arise in the implementation of the Model Cities program. Most of them are built into the intergovernmental system in which Model Cities will operate without the administrative instruments to correct or direct them. By implication, the questions raised in this paper are suggestive of conceptual difficulties with the Model Cities approach, and not of the effectiveness of those charged with its administration.

The Model Cities program is considered by many to be the most useful instrument yet put in the hands of American cities by the Federal government. This program tests several notions: one is that a multitude of categorical aids can be tied together in a single package and their impact maximized in a slum neighborhood; another being that a handful of American cities can make imaginative and effective use of supplemental funds. Model Cities represents an attractive departure from past Federal efforts in solving urban problems but it cannot be expected to overcome the barriers that those previous efforts have helped to erect.

Consider the perspective of a well-intentioned mayor. A relatively small carrot has been held out by the Federal government, which can be taken and eaten if the mayor can do some things which the Federal government cannot: coordinate and maximize the impact of a multitude of categorical aids. He must correct a situation in which semi-autonomous bureaucracies make decisions about resource allocation, often with the

aid and comfort of their Federal counterparts. He must operate with a bewildering maze of state channeled programs which, through rigidity and regressive aid formulae, effectively discriminate against his city.

There are other reasons why few cities can be expected to come up with applications which, in fact, meet the rigorous standards of the guidelines. First, few cities have the talent: personnel who combine sophisticated appreciation of the grantsman's game with great programmatic imagination do not exist in large numbers. Where they do exist they will be expected to come up with an application that will favor one area of the city over all others, something very unattractive to men who must stand for election in all neighborhoods. In addition, on very short notice the mayor may have to alter priorities which have already been set and to which his city is committed. This is especially true where urban renewal activity has avoided hard core slum neighborhoods which now must be incorporated into a comprehensive renewal effort. Then there is the obvious problem of having to compete for one of seventy slots for which the fiscal rewards are not great.

Given constraints of this nature, it is not surprising that cities would not involve all the important community-wide agencies and citizens' groups in preparing the initial application as required in the guidelines. There is not time (3-1/2 months between issuance of the guidelines and final application date) and there is not the staff to deal with suggestions and complaints. The city might also wonder how HUD and other Federal agencies are to review a large number of applications in a very short time and realistically evaluate the thoroughness and comprehensiveness of

each. The incentives may be, therefore, on "winging it" like the college student who substitutes reputation, savvy, and testmanship for diligent study at exam time.

The costs of not involving many elements of the community in the planning of the initial application are substantial. Such a process would be an efficient and effective means of educating the community, creating an awareness and gaining acceptance of significant innovations in local government. Even when the planners are favorably disposed to this approach it is doubtful that they will have the time or staff support to institute it.

In a real sense, the mayor's trouble begins when his city is selected as a model. He must conduct complex negotiations with almost as many agencies as there are categorical aids in his application and hope they will all fund him at roughly the same time. If truly innovative, he must secure the unlikeliest kinds of changes from the unlikeliest agencies in his city and at the state and Federal level, e.g., the welfare system, educational establishment, mortgage bankers, etc. He may have to convince unsympathetic legislators that legislative revisions of sweeping import should be made -- he may even ask for additional funds. We are asking a great deal of a class of political animal who seeks always to avoid or resolve conflict.

None of this is to say that the Federal administrators of this program will have an easy time. The greatest obstacle is the dependence on the categorical grant programs of other Federal agencies for support and funding. Specifically:

a. In this program which emphasizes flexibility, cities must choose amongst categorical programs which more often than not have rigid standards, confusing jurisdictional relations and mysterious administrative practices. To play a useful ombudsman role for the cities vis-a-vis these other Federal agencies, HUD must persuade under-funded program administrators to make substantial allocations to other than traditional recipients. Ideally these agencies would also review Model Cities applications and be able to synchronize the grant approvals with those of HUD.

b. Many relevant categorical programs, especially in HEW, are administered through state governments with an impressive variety of plans, regulations, capacities, standards and fiscal strength. It is difficult to imagine that necessary revisions in these arrangements can be effected in time to assist model neighborhoods. It is equally difficult to envision HUD, two levels removed from the source of difficulty, playing a too direct role in effecting such changes.

c. Urban renewal is probably disproportionately attractive to cities planning model neighborhood programs. For one thing there is 250 million dollars in ear-marked funds which may be used by these cities and their use is controlled by the same agency administering Model Cities. If other programs are to be more competitive, then ear-marked moneys must be secured and simple administrative arrangements substituted to attract Model City planners to them.

The Model Cities approach is an introduction to "consumer allocation of resources." This means that each city is allotted money with which

to "buy" programs in the combination that it sees will have the greatest impact on the problems of that city. The change to consumer allocation is a radical one and the problems cannot be underestimated. Instead of accepting Federally-designed programs, the city is asked to prepare an optimal mix of programs based on the effectiveness of alternative systems. The first attempt at this approach is understandably imperfect because:

- a. cities still must choose from among existing programs in combinations which are largely pre-determined by funding levels and jurisdictional rights;
- b. premiums are still attached to particular programs by favorable matching ratios;
- c. the discretionary supplemental moneys are small in relation to the total outlay involved thereby limiting new programs indicated by systematic analysis.

The Model Cities program will make its great contribution by demonstrating that the flexibility needed for experimentation is not provided by a one-shot grant Federal money, no matter how large it is or how few strings are attached. If the applications are prepared with diligence, the Federal government will have a central catalogue of the obstacles that it must deal with before real innovation can be achieved. This catalogue would be a systematic vote by seventy cities indicating where Federal legislation, administrative regulations and inter-agency operations are to be revised to be made more relevant to the needs of American cities. The Federal government should be preparing itself for

implementing a host of changes that will be suggested by Model Cities applicants. This may require a new institutionalized capacity in HUD, HEW, Labor and other agencies operating urban-related programs.