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Otto J. Hetzel

David E. Pinsky

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URBAN DEVELOPMENT SYMPOSIUM

The Model Cities Program

*Otto J. Hetzel**
*David E. Pinsky***

I. INTRODUCTION

The period from 1961 through 1965 saw a dramatic increase in the number of federal grant-in-aid programs and the total federal funding levels directed at curing the ills of the urban community. There was a persistent anxiety, however, that, despite the proliferation of new drugs administered to the patient for his array of symptoms, the progress was not satisfactory, and that time was running out. In October, 1965, a Task Force on Urban Problems was appointed by President Johnson to study urban problems and recommend action.¹ The Task Force looked at the prior efforts and decided a new approach was necessary—a treatment to be commenced in selected cities as a demonstration.² They recommended that the federal,

* LL.B. Yale University, 1960; Associate General Counsel for Model Cities and Governmental Relations, Office of General Counsel, Department of Housing and Urban Development.

** LL.B. University of Pennsylvania, 1950; Deputy Associate General Counsel for Model Cities and Governmental Relations, Office of General Counsel, Department of Housing and Urban Development.

The views expressed in this article are those of the authors and do not purport to represent those of the Department of Housing and Urban Development or any other department or agency of the United States Government.

1. The Task Force was headed by Robert C. Wood, then Chairman of the Political Science Department of Massachusetts Institute of Technology, and later Under Secretary, and Secretary of the Department of Housing and Urban Development. Other members of the Task Force were: Kermit Gordon, Charles Haar, Ben W. Heineman, Edgar Kasier, William Rafsky, Walter P. Reuther, Senator Abraham Ribicoff, and Whitney Young.

2. The Task Force Report is not a public document. Some insight into its recommendations, however, was presented by Mr. Weaver, then Secretary of Housing and

state and local medicine men consult with each other in order to develop a program of drug therapy which would be comprehensive and coordinated. They also recommended that massive new types and higher dosage levels of drugs were necessary if the patient was to be revitalized.

The basic Task Force recommendation was accepted by the President and presented to the Congress in his message of January 26, 1966.³ A proposed "Demonstration Cities Act of 1966" was introduced into Congress,⁴ which was later consolidated with other provisions into an omnibus bill, and finally was enacted as Title I of the Demonstration Cities and Metropolitan Development Act of 1966.⁵ As HUD commenced to implement the new program, it was given its popular name, the "Model Cities Program," a designation not appearing in the Act.

This article presents this program in its historical perspective and its posture as developed administratively by the Johnson

Urban Development, in his testimony before the Subcommittee on Independent Offices of the House Committee on Appropriations: ". . . [T]he task force, of which I was not a member, but of which Under Secretary Wood was a member, developed this program very carefully, and developed it on the theory that there would be anywhere from 60 to 70 cities of various sizes and various sections of the country which, because of their past performance, because of their administrative capacity, because of their experience, and of their interest and their will to do something, will be able to make a significant impact on this problem if given some financial assistance and a workable program such as the model cities." *Hearings Before a Subcomm. of the House Comm. on Appropriations*, 90th Cong., 1st Sess., pt. 3, at 61 (1967).

3. H.R. Doc. No. 368, 89th Cong., 2d Sess. (1966).

4. H.R. 12341, 89th Cong., 2d Sess. (1966); S. 2842, 89th Cong., 2d Sess. (1966).

5. 80 Stat. 1255 (1966), 42 U.S.C. §§ 3301-13, 1453 (Supp. 111, 1965-67) [hereinafter cited as Model Cities Act].

The following is an enumeration of the more noteworthy changes made in the Administration bill prior to enactment: (1) The following provision was deleted: "(c) In making the determinations under subsection (b), the Secretary shall give maximum consideration to whether—. . . (4) the program will encourage good community relations and counteract the segregation of housing by race or income . . ." H.R. 12341, § 4(c)(4), 89th Cong., 2d Sess. (1966). However, § 103(a)(3) of the Model Cities Act, 42 U.S.C. § 3303(a)(3) (Supp. 111, 1965-67) requires "maximum opportunities in the choice of housing accommodations for all citizens of all income levels . . ." (2) The Secretary of Housing and Urban Development is specifically prohibited from requiring the bussing of students between schools or school districts as a condition of financial assistance. Model Cities Act § 103(d), 42 U.S.C. § 3303(d) (Supp. 111, 1965-67). (3) A provision authorizing creation of an Office of Federal Coordination for every model city was deleted. H.R. 12341, § 7, 89th Cong., 2d Sess. (1966). (4) Limitations on the use of supplemental grant funds were added. Note 23 *infra*. (5) New language was added stressing the importance of local initiative and prompt Federal response. Model Cities Act §§ 103(b)(1) & (2), 42 U.S.C. §§ 3303(b)(1) & (2) (Supp. 111, 1965-67). (6) The proposed 90 percent planning grant was changed to an 80 percent grant. Compare § 5 of H.R. 12341, 89th Cong., 2d Sess. (1966), with Model Cities Act § 104(a), 42 U.S.C. § 3304(a) (Supp. 111, 1965-67). (7) A special emphasis was incorporated into § 101 of the Model Cities Act, 42 U.S.C. § 3301 (Supp. 111, 1965-67) on the applicability of the program to cities of all sizes.

Administration. Its full potential and direction will unfold during the Nixon Administration. Secretary of Housing and Urban Development, George W. Romney, has endorsed the concept underlying the Program and announced Presidential approval of certain revisions in the administration of the Program.⁶

6. "The model cities concept, with its emphasis on local initiative, also offers great opportunity, and I am dedicated to making this program work effectively." Statement of George W. Romney in the *Hearings on the Nomination of George W. Romney to be Secretary of the Department of Housing and Urban Affairs* [sic] *Before the Senate Comm. on Banking and Currency*, 91st Cong., 1st Sess. 9 (1969).

The Secretary stated on April 28, 1969:

"My Committee on Model Cities of the Council for Urban Affairs has been intensively examining the program. Its study has shown that the program's goals are sound, but that there have been critical deficiencies in its administration which call for immediate correction.

". . . The President has approved the recommendations of the Urban Affairs Council that the Model Cities program be revised in the following important respects:

1. The Council for Urban Affairs will assume direct responsibility for inter-departmental policy affecting Model Cities.
2. Secretaries of the departments involved will have personal supervision of their departments' funding of Model Cities proposals, and will reserve program funds specifically for that purpose
3. Administration of the program will be fed into the reorganization of the regional Federal offices, now underway. One effect of this will be to facilitate inter-departmental coordination at the regional level. . . .
4. Greater efforts will be made to involve the State governments in the Model Cities program . . . Our aim will not be to add another administrative layer between the cities and the Federal Government, but to make better use of the States' resources, experience and perspective. Model Cities is intended to be and will remain a local government program centered upon the Mayor's office with a continued requirement for adequate citizen involvement.
5. The 10% population restriction on the size of the target neighborhoods will be dropped . . . Eliminating this guidelines does not mean that the program will be expanded citywide within each city. Its purpose will remain that of focusing resources on particularly poor and blighted neighborhoods, . . .
6. Priority consideration will be given to those cities that successfully enlist the participation of private and voluntary organizations in their Model Cities plans . . .
7. Local governments will be asked to establish clear priorities in developing their Model Cities proposals, . . . Many cities have interpreted Model Cities legislation and administrative guidelines requiring a local 'comprehensive' plan of attack on blight and poverty in their target neighborhoods as requiring proposals to immediately attack every conceivable program within these neighborhoods. This obviously would be unworkable; what is important is that city governments set clear priorities for attacking their problems so that they can make rapid and substantial progress toward solving their most urgent, rather than dissipating their resources in a vain effort to solve all. This Administration will completely scrutinize applications to eliminate unwise or unnecessary proposals.

"With these revisions, I feel that the Model Cities program can help us to achieve two important goals—a more rational and creative Federal-State-local system, and city governments that are more flexible and responsive to the needs of their citizens. We must realize that elimination of blight and poverty in our central cities cannot be accomplished overnight. It will be a hard and often frustrating struggle, but Model Cities does offer us the means of better using our present resources, and thus taking an important step in that direction."

This is a presentation of the Model Cities Program in broad perspective. There are necessarily a number of critical issues which are not dealt with in any degree of depth, but which would be appropriate for future analysis. Among these issues are: the relationship between OEO's Community Action Program and the Model Cities Program, particularly the citizen participation groups involved in each program; the implications of the requirement in the statute for maximum opportunity for the employment of residents; and the application to the Model Cities Program of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, as well as the significance of the provision of the Demonstration Cities Act requiring "maximum opportunities in the choice of housing accommodations."

II. PAST FAILURES AND NEW APPROACHES

The Model Cities Program was initially enacted as a demonstration program to fund approximately 70 cities.⁷ It was then augmented for additional cities and currently involves 150 cities. Its mandate is nothing less than improving the quality of urban life. The very first sentence of the Act declares this in clear terms: "The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States."⁸ The program is grounded on the theory that certain vital systems were not operating satisfactorily and that increasing the levels of federal assistance alone would not be effective unless substantial institutional changes were effected to make these systems more viable.

The first system in partial failure was that for the delivery of necessary services at the local level. Included within the term "services" are services in the traditional sense, *e.g.*, health services, and systems for regulation of property under the police power, *e.g.*, building and zoning codes. The failures are well known and have been amply documented.⁹ Services are performed by fragmented government. Metropolitan areas are split into numerous political jurisdictions, a pattern which is rooted in history and ratified by usage, but which inhibits rational planning and performance. Even within the geographical confines of the central city, government is further fractured by several autonomous bodies which look at the

7. See note 2 *supra*.

8. Model Cities Act § 101, 42 U.S.C. § 3301 (Supp. III, 1965-67).

9. NATIONAL COMM'N ON URBAN PROBLEMS. BUILDING THE AMERICAN CITY, H.R. Doc. No. 91-34, 91st Cong., 1st Sess., pt. IV, ch. 1 (1969) [hereinafter cited as BUILDING THE AMERICAN CITY].

world from their own parochial points of view: the city health department recognizes a health problem and plans a health program; the state employment service, the local community action agency, and the private agencies develop manpower training programs; school boards, renewal agencies, and public housing authorities push their own projects. There is little effort to give these programs mutual support by linking them into a meaningful whole. Moreover, local governments sorely lack the competence needed to attack problems which are infinitely complex and at times intractable.¹⁰

There is still another dimension to this failure of the local services delivery system. Such a system can be effective in a democratic society only if it is responsive to the needs and desires of its constituents. The constituents must have a basic confidence and trust in the system. In the inner cities of the country, however, communication has been replaced by alienation, and, to a large extent, the system has not been responsive.

The second system which has not been operating satisfactorily is the federal system for transfer payments of collected resources. Regardless of how well the local delivery system might be operating, the local governments, because of their limited tax base and ineffective collecting mechanism, must receive funds from the federal government to provide an adequate program. With the broad federal tax base and efficient collection procedure, the federal government should have the necessary funds.¹¹ The level of federal assistance for the inner city, however, is still not adequate. The legislative history of the Model Cities Act emphasized the improper functioning of the federal system for transfer payments. Thus, the Senate Report stated that the "interaction and focusing of existing federal grant-in-aid programs . . . has been sadly lacking."¹² The so-called categorical grant-in-aid programs in the fields of education, health, welfare, housing, urban development, and manpower have been the principal instruments for effecting this flow of income to state and local governments. These funds cannot be used flexibly as the locality evaluates its problems, but only in accordance with statutory standards for each of the

10. *Id.* See FITCH, GOALS FOR URBAN DEVELOPMENT, IN URBAN AMERICA GOALS AND PROBLEMS, THE SUBCOMM. ON URBAN AFFAIRS OF THE JOINT ECONOMIC COMM., 90th Cong., 1st Sess. 19-41 (Joint Comm. Print 1967).

11. BUILDING THE AMERICAN CITY, *supra* note 9, at pt. IV, ch. 5; 2 ADVISORY COMM'N ON INTERGOVERNMENTAL RELATIONS, FISCAL BALANCE IN THE AMERICAN FISCAL SYSTEM 5-6 (1967).

12. S. REP. NO. 1439, 89th Cong., 2d Sess. 5 (1966).

separate programs. Moreover, local priorities are often distorted by the relative availability or unavailability of funding under the various federal programs.¹³

Finally, the third system which has been functioning ineffectively is the intra-state system for transfer payments whereby taxes levied on the state-wide tax base are transferred in accordance with overall state interest. Here the basic failure is that most states have never developed a transfer system which has in any way approached the magnitude required. Indeed, recent litigation has thrust the basic issue before the federal courts. In *McInnis v. Shapiro*,¹⁴ parents of school children in Cook County, Illinois, argued, albeit unsuccessfully, that the Governor violated their rights under the equal protection clause of the fourteenth amendment by permitting a wide disparity in per-pupil expenditures among the various school districts in the state. In such instances, the system failure is due to the inaction of state government which permitted educational services to be financed largely by local tax levies.¹⁵

This description of systems is of course an analytical tool and presents a simplified version of reality. All three systems are intimately interrelated, for the objective of the two transfer systems is to enable human needs to be more adequately satisfied by the local service delivery system.

The objective of the Model Cities Program is to support the changes required to make all three systems more effective. The partial failure of the local services delivery system is approached by requiring cities who apply for the program to select a sizable slum or blighted neighborhood, generally referred to as a model neighborhood, and to develop and carry out a five-year comprehensive program aimed at

13. "I want to point out that our present aid system has had a very unfortunate effect on local general government—cities and counties. It has fragmented community policy making and it has dismembered local government administration. We have reached the point where at the end of each Federal-aid string is a local agency, department, or constituency which is expected to follow Federal direction or receive no benefits. Local government has been seriously weakened and finds it difficult to respond as the result of the divide-and-conquer concept of existing Federal aid." 112 CONG. REC. 20029 (1966) (remarks of Senator Carlson). See generally *Hearings on S. 671 and S. 698 Before the Subcomm. on Intergovernmental Relations of the Senate Comm. on Government Operations*, 90th Cong., 1st Sess. (1967); *Hearings on S. 3509 and S. J. Res. 187 Before the Subcomm. on Intergovernmental Relations of the Senate. Comm. on Government Operations*, 89th Cong., 2d Sess. (1966); *Hearings on S. 561 and other bills, before Subcomm. of the House Comm. on Government Operations*, 89th Cong., 2d Sess. (1966).

14. 293 F. Supp. 327 (N.D. Ill. 1968), *aff'd sub nom. McInnis v. Ogilvie*, 89 S. Ct. 1197 (1969); *Cf. LeBeauf v. State Bd. of Educ.*, 244 F. Supp. 256, 260 (E.D. La. 1965).

15. BUILDING THE AMERICAN CITY, *supra* note 9, at pt. IV, ch. 4.

ameliorating the basic social, economic, and physical problems of the neighborhood: poor health, inadequate educational systems, unemployment and under-employment, substandard housing, inadequate public facilities, crime and delinquency.¹⁶ A process of rational decision-making must be developed by each of the model cities which will, according to local priorities, allocate resources through a planning structure which involves all relevant private and public institutions, including state agencies. In addition, it must insure that the desires and priorities of the model neighborhood residents are explicitly considered: "widespread citizen participation" is written into the Act as a firm statutory requirement.¹⁷

In response to the failure of the federal system for transfer payments, the statute emphasizes the need for a prompt, flexible federal response¹⁸ and requires the Secretary of HUD to consult with the other interested federal agencies before approving any program.¹⁹ The Model Cities Program also calls for a concentration of federal aids in the model neighborhood.²⁰

These responses to the malfunctioning of the first two systems constitute only a partial remedy. In addition to requiring new levels of coordination at the local and federal levels, the Model Cities Program makes available a new kind of federal supplemental grant.²¹ The supplemental grant is highly flexible federal money; it can be used for programs aimed at any of the social, economic, or physical problems facing the neighborhood. Unlike the narrow federal categorical grants, these funds can be molded to fit the problem.²² Moreover, the supplemental grant is a 100 per cent federal grant and can be used to assist the city in paying the non-federal share of federal grant-in-aid programs carried out in connection with the comprehensive program.²³

16. Model Cities Act § 103(a)(2), 42 U.S.C. § 3303(a)(2) (Supp. III, 1965-67).

17. *Id.*

18. *Id.* 103(b)(2), 42 U.S.C. § 3303(b)(2) (Supp. III, 1965-67).

19. *Id.* § 109, 42 U.S.C. § 3309 (Supp. III, 1965-67).

20. *Hearings on Proposed Housing Legislation for 1966, Before a Subcomm. of the Senate Comm. on Banking and Currency 89th Cong., 2d Sess. 8 (1966) [hereinafter cited as Senate Hearings].*

21. Model Cities Act § 105(c), (d), 42 U.S.C. § 3305(c), (d) (Supp. III, 1965-67).

22. *Senate Hearings, supra* note 20, at 7.

23. Section 105(d) sets forth two qualifications to this ability of the city to use supplemental grants to pay for the non-federal share required for federal grant-in-aid programs. First, supplemental grants can not be used to replace non-federal contributions for any federally aided project if the federal aid agreement for that project was executed and the non-federal contribution was obligated prior to the date on which the city filed its application with HUD for a Model Cities planning grant. Second, § 105(d) fixes priorities for the expenditure of

The supplemental grant is designed to operate as an incentive, more colloquially, a "carrot", to induce cities to develop an overall strategy to attack root problems and to assist local government in attaining higher levels of competency.²⁴

The third system failure, that of the intra-state transfer system, is perhaps the most difficult for the program to change. A strong effort has been made in the Model Cities Program to involve state governments in the reviewing of comprehensive plans; technical assistance is available from federal agencies, and financial assistance is provided from both state and federal funds in the areas of manpower, health, education, and welfare.

III. FEDERAL FINANCIAL ASSISTANCE AVAILABLE

Federal financial assistance is available for both the planning of a comprehensive program as well as carrying it out. To assist cities in planning and developing their comprehensive programs, planning grants are authorized up to 80 per cent of costs.²⁵ The planning during a period of approximately twelve months is based on a supplemental funds "target" figure set by HUD and culminates in the submission to HUD of the city's "comprehensive city demonstration program."

Upon HUD approval of the program, the total amount of the supplemental grant is set. These grants are currently allocated to cities on the basis of a formula reflecting the intensity of the social and economic problems of the model neighborhood and the relative population of the cities.²⁶ The statute provides for three distinct categories of assistance to be covered within the total grant amount. One hundred per cent support is provided for projects and activities carried out as a part of the overall program²⁷ and for relocation

supplemental grants. A first priority is new and additional activities not assisted under a federal grant program. To the extent that supplemental funds are not necessary to support such new and additional activities, they may be used and credited as a part of the non-federal contribution for federal grant-in-aid programs carried out in connection with the comprehensive program.

In addition, § 105(d) prohibits the use of supplemental grants for the "general administration of local governments." These limitations on the use of supplemental funds were not contained in the Administration bill, H.R. 12341 and S. 2842, but were added by the Senate Committee on Banking and Currency. See S. REP. NO. 1439, 89th Cong., 2d Sess. 5 (1966) and H.R. REP. NO. 2301, 89th Cong., 2d Sess. 44 (1966).

24. *Senate Hearings*, *supra* note 20, at 74.

25. Model Cities Act § 104, 42 U.S.C. § 3304 (Supp. 111, 1965-67).

26. *Id.* § 105(c), 42 U.S.C. § 3305(c) (Supp. 111, 1965-67).

27. *Id.* The maximum grant payable to any city for the support of projects and activities is fixed as a statutory formula: 80% of the aggregate of the required non-federal contribution for all grant-in-aid programs carried out in connection with the comprehensive program.

payments for those displaced.²⁸ The third category of assistance is the grant for the overall costs of administering the program which requires a local contribution of 20 per cent.²⁹

The comprehensive program developed by the city, however, does not rest solely on projects funded by the supplemental grants. Each city is expected to maximize its use of appropriate federal grant-in-aid programs. Supplemental funds should be used primarily for projects which do not meet statutory standards in the categorical grant-in-aid programs, or for projects which cannot be funded because current appropriations are fully committed.

One hundred and fifty cities are now in planning, and 23 million dollars has been appropriated and committed for planning grants to these cities.³⁰ Accordingly, unless the additional planning funds which have been authorized are appropriated,³¹ no additional cities will be moving into the program. As of January, 1969, the comprehensive programs of nine cities had been approved. A total of 512.2 million dollars has been appropriated for execution grants.³² Congress is being requested this year for an additional 675 million dollars for the fiscal 1970 budget.³³

Succeeding sections discuss the Model Cities Program in greater depth; first in the frame of reference of the locality (IV), then from the point of view of the federal government(V), and as it relates to the state's role (VI).

IV. THE LOCAL INITIATIVE

A. *Statutory Standards*

The statute sets forth in broad terms the role of the locality. There is a strong thrust for local initiative: the Secretary is directed to implement the statute so as to "emphasize local initiative in the

28. *Id.* § 107(b), 42 U.S.C. § 3307(b) (Supp. 111, 1965-67).

29. *Id.* § 105(b), 42 U.S.C. § 3305(b) (Supp. 111, 1965-67).

30. Eleven million dollars was appropriated in the supplemental appropriation act for fiscal year 1967, Act of Oct. 27, 1966, 80 Stat. 1057, 1059, and \$12 million in the appropriation act for fiscal year 1968, Act of Nov. 3, 1967, 81 Stat. 341, 355. These appropriations, it should be noted, are lump sum and include the appropriations for planning and execution grants as well as so-called add-on appropriations for urban renewal projects carried out in connection with comprehensive programs.

31. An additional \$12 million for planning grants was authorized by § 1701 of the Housing Act of 1968, 82 Stat. 476.

32. Two hundred million dollars was appropriated in the appropriation act for fiscal year 1968, Act of Nov. 3, 1967, 81 Stat. 341, 355 and \$312.5 million in the appropriation act for fiscal year 1969, Act of Oct. 4, 1968, 82 Stat. 937, 951. See explanation in note 30 *supra*.

33. H.R. Doc. No. 91-100, 91st Cong., 1st Sess. 22 (1969).

planning, development, and implementation" of local programs.³⁴ The Senate Committee report stresses that the "character and content of the program must be based on local judgment as to the city's needs."³⁵ This local initiative, however, is given general guidance by statutory considerations prescribed by the Congress.

There are basically two types of statutory standards. First, the statute fixes numerous substantive standards. Comprehensive programs are expected to make a "substantial impact" on the physical and social problems in the target area.³⁶ This means, *inter alia*, that "marked progress" must be made in "reducing social and educational disadvantages, ill health, underemployment and enforced idleness." There is a specific statutory direction that maximum opportunities must be given for employing residents of the model neighborhood in all phases of the program.³⁷ There are also statutory standards with respect to removing blight,³⁸ increasing the supply of low and moderate income housing,³⁹ and providing maximum opportunities in choice of housing accommodations for all citizens of all income levels.⁴⁰ One of the clear objectives of the program is a "well-balanced city."⁴¹

Second, there is a group of "process" standards which prescribe the manner in which the Model Cities enterprise is expected to be carried forth. The comprehensive program must be approved by the

34. Model Cities Act § 103(b)(1), 42 U.S.C. § 3303(b)(1) (Supp. III, 1965-67).

35. S. REP. NO. 1439, 89th Cong., 2d Sess. 14 (1966).

36. Model Cities Act § 103(a)(2), 42 U.S.C. § 3303(a)(2) (Supp. III, 1965-67).

37. *Id.* This is a statutory provision which may have great significance. "All phases of the program" covers a broad spectrum, ranging from employment by public agencies (which may involve significant changes in state and local civil service requirements) to employment in the construction field (involving difficult accommodations among the unions, employers, city government and neighborhood residents). This provision is supplemented by § 3 of the Housing Act of 1968, 82 Stat. 476, which applies to various low and moderate income housing programs. These are programs which will be utilized to supply housing in the model neighborhood. Section 3 requires that HUD shall—(1) require, in consultation with the Secretary of Labor, that to the greatest extent feasible opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing assisted under such programs be given to lower income persons residing in the area of such housing; and (2) require, in consultation with the Administrator of the Small Business Administration, that to the greatest extent feasible contracts for work to be performed pursuant to such programs shall, where appropriate, be awarded to business concerns, including but not limited to individuals or firms doing business in the fields of design, architecture, building construction, rehabilitation, maintenance, or repair, located in or owned in substantial part by persons residing in the area of such housing.

38. *Id.* § 103(a)(2), 42 U.S.C. § 3302(a)(2) (Supp. III, 1965-67).

39. *Id.* § 103(a)(3), 42 U.S.C. § 3303(a)(3) (Supp. III, 1965-67).

40. *Id.*

41. *Id.*

governing body;⁴² it must be carried out with widespread citizen participation;⁴³ and it must develop an administrative machinery which is adequate to coordinate the complex of interrelated service systems.⁴⁴

B. *Local Administrative Organization*

The statute provides that financial assistance under the Model Cities Program will be made available only to a city demonstration agency (CDA). This agency is defined as the "city, the county, or any local public agency established or designated by the local governing body . . . to administer the comprehensive city demonstration program."⁴⁵ Pursuant to this requirement, HUD has announced a policy that the CDA should be a single administrative unit and "function as an integral part of the municipal or county government with clear accountability to the chief executive officer and local governing body."⁴⁶ It is not intended that the CDA be an operating agency; rather, its principal role is to be in charge of overall planning, administration, and evaluation. Most of the projects and activities are to be carried out by means of agreements between the CDA and a variety of operating agencies—school boards, other city departments, county agencies, state agencies and various private groups.

C. *The Planning Process*

During the planning period, the city demonstration agency has the overall responsibility for the preparation and submission to HUD of the comprehensive city demonstration program. This program can be divided into five basic elements:⁴⁷

(1) Problem Analysis—*Why* the problems developed and remain, rather than a description of *what* they are.

(2) Goals and Objectives—A statement of the kind of changes necessary to achieve a substantial improvement in the quality of life in

42. *Id.* § 103(a)(4), 42 U.S.C. § 3303(a)(4) (Supp. III, 1965-67).

43. *Id.* § 103(a)(2), 42 U.S.C. § 3303(a)(2) (Supp. III, 1965-67).

44. *Id.* § 103(a)(4), 42 U.S.C. § 3303(a)(4) (Supp. III, 1965-67).

45. § 104(a), § 105(b) & (c), § 112(2) & (3); 42 U.S.C. § 3304(a), 3305(b) & (c), 3312(2) & (5) (Supp. III, 1965-67).

46. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IMPROVING THE QUALITY OF URBAN LIFE—A PROGRAM GUIDE TO MODEL NEIGHBORHOODS IN DEMONSTRATION CITIES 17-18 (1967).

47. Department of Housing and Urban Development, CDA Letter No. 4, HUD Handbook MCGR 3100.4 (1968).

the target neighborhood, and the extent to which those changes can be achieved in a five-year period. These are to be quantifiable wherever possible.

(3) Strategy—The major focus and priority-ranking of the local effort to achieve the goals and objectives.

(4) Five-year Forecast—A description of the activities the community believes must be undertaken to achieve its five-year targets.

(5) One-Year Action Program—A list of specific projects and activities that can be financed and put into operation in the first year, whether funded by the Model Cities Program, by other federal, state, or local funds, or by private funds. These projects and activities are to be related to the longer-term program and to the strategy for the ultimate solution.

While the objective of the planning period is to prepare a document—the comprehensive city demonstration program—there is considerable emphasis on the process of planning as such. Thus, the planning process is intended to force the community to take a hard look at the root causes of its problems and the interrelationships between them: failure of health services adequately to reach intended clients and substandard housing will tend to frustrate educational opportunity and the ability to hold employment; training programs may not be adequately geared to the employment market of the future. This analysis should lead to an overall strategy for a rational allocation of resources over a five-year period.

This planning process and implementation which follows can be accomplished only if two very profound changes are made to occur: a change in the relationship among the many local and state agencies and a change in the relationship between city hall and the model neighborhood residents.

D. *Intra-Local Cooperation*

The development of new institutions and the restructuring of existing ones to bring about changes in the relationships among local agencies and between state and local agencies which are necessary for the Model Cities Program to operate effectively have been developing in a number of ways. In most cities, representatives of all agencies are members of policy boards. Many agencies have "lent" key employees to the city for the development of the comprehensive program. In some cases, the city has contracted with another public agency for some aspect of planning. New political forms are emerging. In

Smithville-DeKalb County, Tennessee, where five small municipalities and a county are engaged in the program, a new entity has been created with a governing board composed of the chief executive of each of the municipalities and the county.

E. *Citizen Participation*

While HUD has prescribed no detailed regulation implementing the "widespread citizen participation" requirement,⁴⁸ performance standards have been set.⁴⁹ The city is responsible for the development of some form of organizational structure which embodies neighborhood residents in the process of program planning and implementation. This structure may take many forms, reflecting local circumstances. Two performance standards must be satisfied. First—with respect to the selection of the leadership—while no particular method is prescribed, the selection process must result in a leadership of persons "whom the neighborhood residents accept as representing their interest." Second, the neighborhood participation structure "must have clear and direct access to the decision-making process" of the city "so that neighborhood views can influence policy, planning and program decision." The structure must have sufficient information to react intelligently and enough technical capacity for making knowledgeable decisions.

Cities have developed many types of neighborhood participation structures. Generally, there is a policy board on which the neighborhood leaders serve. In many cities, these members have been elected by the residents.⁵⁰ In others, neighborhood organizations have

48. Model Cities Act § 103(a)(2), 42 U.S.C. § 3303(a)(2) (Supp. 111, 1965-67). This language should be compared with that which is applicable to the community action agencies: "maximum feasible participation of residents of the areas and members of the groups served." Economic Opportunity Act of 1964 § 201(a)(4), *as amended*, 42 U.S.C. 2781 (1968).

The relationship of citizen participation mechanisms and techniques in the community action agencies as related to the city demonstration agencies is a sensitive one. *See generally* Mogulof, *The Community Action Agency and the Model Cities Agencies: A Study of Their Local Relationships and Recommendations for Change* (unpublished, prepared for the Urban Institute, 1969). The community action agencies, despite the Green Amendment, Economic Opportunity Act of 1964 § 210, *as amended*, 42 U.S.C. § 2790 (1968), remain largely an institution outside of city government as contrasted to the structuring of the CDA as an integral part of city government. An agreement was entered into between HUD and the Office of Economic Opportunity which was intended to move in the direction of harmonizing the two programs, by requiring, *inter alia*, that the two local agencies achieve common policy board membership and exchange representatives in their respective neighborhood and citizens participation organizations. *See also* note 75 *infra*.

49. CDA Letter No. 3, HUD Handbook DIR 3100.1 (Nov. 1967).

50. *See, e.g.*, APPLICATION TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOP-

been invited to select representatives to compose the board.⁵¹ In addition, it has been common for resident task forces to be created to study problems and plan approaches in various substantive areas such as health and housing. Thus, in Seattle, the first comprehensive program approved by HUD, nine neighborhood task forces developed plans in nine substantive areas.⁵² Their recommendations were then presented to a 23-man citizen Steering Committee, which then screened and made recommendations to the top neighborhood body, the Advisory Council. The latter body is composed of 86 representatives from neighborhood organizations, ranging from church and fraternal groups to militant civil rights groups.

In Seattle and other cities, the local model cities professional staff is available to assist the neighborhood participation structure by providing the technical skills necessary to develop the comprehensive program. There is good reason to conclude, however, that citizen participation can be viable only if the citizen participation structure has independent technical assistance, *i.e.*, their own resources to hire technical assistance in which they have full confidence. This is a legally permissible use of either planning or supplemental grant funds.⁵³ A number of cities are moving in this direction.

This emphasis on citizen participation should not obscure the fact that the Model Cities Program is a city program. This fact is anchored in the statute. Grants may be made only to public entities,⁵⁴ and no comprehensive program may be funded unless it has been approved by the local governing body.⁵⁵ In implementing the program, HUD has placed ultimate administrative responsibility on the chief executive of the city. Federal agencies are cooperating by agreeing not to fund grant-in-aid programs impacting a model neighborhood without obtaining the concurrence of the chief executive of the city.

The program thus rests on a kind of partnership between the city government and the participating neighborhood residents. Of course,

MENT BY THE CITY OF PHILADELPHIA FOR A GRANT TO IMPLEMENT A COMPREHENSIVE CITY DEMONSTRATION PROGRAM, pt. III, § E, at 1-5 (December 31, 1968).

51. PLANNING FOR A MODEL NEIGHBORHOOD, 1969-1974, SEATTLE MODEL CITY PROGRAM, pt. I, at 5 (September 23, 1968) [hereinafter referred to as the Seattle Plan].

52. *Id.*

53. DEPT. OF HOUSING AND URBAN DEVELOPMENT, TECHNICAL ASSISTANCE BULL. NO. 3, CITIZEN PARTICIPATION IN MODEL CITIES (1968).

54. Model Cities Act §§ 104(b), 105, 112(2), 42 U.S.C. §§ 3304(b), 3305, 3312(2) (Supp. III, 1965-67).

55. *Id.* § 103(a)(4), 42 U.S.C. 3303(a)(4) (Supp. III, 1965-67).

this has been an uneasy partnership at best. Decades of history have produced suspicion, indifference, and frequent hostility between the residents and public officials. Nonetheless, the future of the program rests upon these uneasy partnerships. They can be made more viable to the extent that both sides can achieve a workable pragmatism. This requires movement on both sides. The neighborhood representatives must cast aside the easy temptation of the rhetoric of community control which will lead to an isolated enclave.⁵⁶ At the same time, city government and its professionals must develop a new attitude of respect for and cooperation with the residents. They must also overcome the natural resentment over a sharing of power and develop the discipline and patience of the negotiator. The Seattle comprehensive program addresses itself to this problem:

Finally, the most consistent criticism of the Seattle Model City Program among residents is that the CDA is an arm of the City government and not completely controlled by the MN* residents. This criticism to date has not interfered with the planning process or resident commitment, but it is present. The majority of Advisory Council residents agree that the citizen participation model we are using is the best among many possible alternatives for the following reasons:

The model can be altered and modified at any time by the majority vote of the Advisory Council, so people are comfortable about giving the experiment time to work so that it can be evaluated.

The concept of shared power which this model exemplifies has the potential for greater power in MN residents' hands than would be the case with a model allocating all power to MN residents. In other words, the City and the MN provide for greater leverage on social systems than the MN alone. Of course, the Seattle model implies commitment and good faith on the part of the City. To date, those ingredients are present; when they no longer exist, the program is in jeopardy in spite of any model[*Model Neighborhood]⁵⁷

F. *From Planning to Implementation*

Out of this complex planning process Congress expected "new and imaginative proposals"⁵⁸ to emerge for the solutions of urban ills. It is too early to make any informed judgment on whether this expectancy will be satisfied. Indeed, it is difficult to define what is meant by innovation in this context. It is a relative concept; what is innovative will vary considerably from city to city and from region to region. It is the basic assumption of the program that if the Model Cities process is followed and if flexible federal grants in adequate amounts are available, proposals are likely to evolve which strike at root causes and which are responsive to the needs and wants of the

56. S. REP. No. 1439, 89th Cong., 2d Sess. 11 (1966).

57. Seattle Plan, *supra* note 51, pt. 1, at 5.

58. Model Cities Act § 101, 42 U.S.C. § 3301 (Supp. 111, 1965-67).

neighborhood.⁵⁹ The emphasis on flexible 100 per cent federal grants is significant, for this tends to remove the possibility of legal attack under restrictive provisions of state constitutions and statutes; it also gives cities more political freedom to experiment.

City plans are giving major emphasis to developing improved programs in the fields of education, employment training, economic development, and housing and physical environment. The principal types of innovation relate to a variety of attempts to assist model neighborhood residents in surmounting the barriers which prevent "mainstream" opportunities from realistically being available. Some of these barriers are found in the lack of adequate public and quasi-public facilities. Thus, Atlanta is proposing to operate an intra-neighborhood bus system to provide transportation to shopping centers, health centers, and places of employment.⁶⁰ A related plan would provide for a system of specialized passenger vans for the pre-school, day-care children, the elderly and handicapped, and those in need of emergency services.⁶¹ Atlanta also proposes that the Georgia State Employment Service operate a communications system with stations located in four "outreach" posts to relay job information to target area residents as rapidly as possible.⁶² A Job-Mobile would be available to take persons to the offices and to job sites for interviews.

Cities are also thinking of new financial techniques to assist in overcoming these obstacles to mainstream opportunities. In a number of cities it has been determined that institutions must be developed to

59. In testifying in support of the bill, former HUD Secretary Weaver stated: "But I suppose the really great innovations are going to be the innovations as to how you do the social and the human rehabilitation, how you get this thing we talk about—people involvement—how you get people to be able to be a part of the planning, at the same time recognizing that you have got to get a civil engineer if you want to plan and design the foundation of a building. Indigenous leaders may be wonderful but they can't do the engineering for a project."

"But I think the real innovation is the totality of the approach to try to solve the problem really permanently. We will have some real difficult problems here and very frankly the whole idea of having this as a demonstration is recognition of the fact that while we know the cities are hard pressed for money, we also recognize that even if we had all the money that were needed and all this money were made available to cities, they would still have some of their people to do them better than they have been doing them. This is why the demonstration." *Senate Hearings*, *supra* note 20, at 32.

One inherent conflict within the Model Cities legislation is between the anticipation that new and imaginative proposals will be developed, and the requirement for local coordination. Coordination implies involvement of all interested agencies, and as a practical matter, generally results in compromise. The prospects for survival of innovative approaches cannot be very optimistic in such a context, particularly in light of the fact that perceptions and objectives of each participant may be quite different.

60. 2 ATLANTA COMPREHENSIVE DEMONSTRATION PROGRAM: A PATTERN FOR PROGRESS, XI, 31-36 (1968).

61. 2 *id.* at XI, 21-25.

provide people with seed money, or what might be termed personal capital, in order that they may take advantage of various opportunities which would otherwise be closed to them. Thus, Detroit has determined that many families have the financial capacity to pay monthly carrying costs on homes, but are unable to raise down payment and closing costs. The Detroit program accordingly proposed a revolving fund which would provide grants to persons to enable them to purchase homes.⁶³

The purchase of a home is only one of numerous possible opportunities which may be foreclosed by the lack of personal capital. The Detroit program proposed the establishment of a Citizens Urban Opportunities Credit Bank which would provide loans, grants, or combinations of loans and grants for various personal objectives.⁶⁴ Other cities are planning to go beyond the provision of initial capital and provide some form of on-going income maintenance program, such as a system of family allowances or some form of negative income tax.

Many cities are planning projects designed to reduce the alienation deeply felt by many residents. In a number of cities the thrust has been toward projects aimed at improving police-community relations and increasing recruitment of minority group police officers. Expanded legal services and the development of ombudsman plans are also being widely considered. "Widespread citizen participation", the statutory response to such resident estrangement, will continue during the implementation stage, during which period the citizen participation structure will be active with respect to the administration of the program and the continuing evaluation and planning.

G. *The Private Sector*

The earliest conception of the Model Cities Program relied upon the private sector to assume an important role. In its testimony before the House Subcommittee in 1966, HUD presented a hypothetical model program which relied upon significant private investment in residential and nonresidential construction and rehabilitation, as well as investment by private nonprofit organizations.⁶⁵ As finally enacted,

62. *Id.* at IV, 86-87.

63. DETROIT MODEL NEIGHBORHOOD PLAN FOR PROGRESS, Vol. A, HO-125.

64. *Id.* Vol. B, at PS 49.

65. *Hearings on H.R. 12341 Before the Subcomm. on Housing of the House Comm. on Banking and Currency*, 89th Cong., 2d Sess., pt. 1 at 104 (1966).

the statute requires that a comprehensive program make the "fullest utilization possible . . . of private initiative and enterprise."⁶⁶

The comprehensive programs which have been submitted rely in varying ways on harnessing the technical expertise of private industry and on securing private investment. There is a dominant thrust toward economic development and job training, with considerable emphasis on facilitating the development of minority group entrepreneurship. Thus, in Portland, Maine, an Opportunities Development Corporation will be established by the local chamber of commerce, the University of Maine, and the City Demonstration Agency to involve employers and unions in an attack on unemployment.⁶⁷ The City of Seattle has fixed as a five-year goal doubling the number of model neighborhood families who own or control economic resources. A key element for developing new resident-owned businesses in the neighborhood is the United Inner-City Development Foundation now being organized with the cooperation of some 30 groups in the area.⁶⁸ This corporation would draw on the resources of the Washington State Development Corporation and private and federal resources to increase tenfold an initial capitalization of three million dollars.

Seattle also proposes the establishment of a nonprofit housing development corporation which is expected to bring six million dollars into the neighborhood to meet a goal of 5,400 housing units over the next five years.⁶⁹ The corporation will be owned by stockholders from industry, government, and the neighborhood; neighborhood stockholders will elect the Board of Directors.

There are many other private sector involvements which, although not tied directly to the Model Cities Program at the national level, are expected to be utilized by many cities in developing their comprehensive programs. Small Business Administration loan resources are being utilized to enlist banks, industry, and community organizations in financing minority group entrepreneurship. The JOBS Program sponsored by the National Alliance of Businessmen represents the development of a successful partnership between government and private industry for the employment of the hard-core unemployed. Title IX of the Housing and Urban Development Act of 1968,⁷⁰ authorizing the creation of National Housing Partnerships, is

66. Model Cities Act § 103(a)(4), 42 U.S.C. § 3303(a)(4) (Supp. III, 1965-67).

67. A COMPREHENSIVE CITY DEMONSTRATION PLAN, Portland, Maine, pt. III, appendix, project I-4 (Dec. 13, 1968).

68. Seattle Plan, *supra* note 51, pt. 1, appendix II, at 3-5.

69. *Id.* pt. 1, appendix IV, at 15-20.

70. 82 Stat. 476 (1968).

one of the most recent federal efforts to mobilize private investment and business skills in the task of creating low and moderate income housing in substantial volume.

V. THE FEDERAL RESPONSE

In the enactment of this legislation Congress called for a new emphasis on local initiative which would engender a more prompt, flexible, and coordinated response from the federal delivery system.⁷¹ The federal government was to react to the local comprehensive planning in such a way as to enhance the local coordination.⁷² Thus the statute asks the Secretary of HUD to:

insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programming, consistent with the requirements of law and sound administrative practice.⁷³

The concept behind the legislation was to encourage local coordination of effort under the leadership of the local chief executive while at the same time prompting federal efforts to react accordingly.⁷⁴ It was hoped that these two statutory thrusts would be complementary and mutually reinforcing.

A: *An Experiment in Inter-Agency Cooperation*

The Model Cities Program broke fresh ground in federal inter-agency cooperation. The administration of the program rests with HUD under the direction of an Assistant Secretary.⁷⁵ From its start,

71. Model Cities Act §§ 101, 103(b)(2), 109, 42 U.S.C. §§ 3301, 3303(b)(2), 3309 (Supp. 111, 1965-67).

72. "Now it seems to me that our categorical aid approach has resulted in many justifiable programs falling far short of their potential because they compete or overlap with other federally aided programs. Our real need is to coordinate these programs at the point of use. They must be packaged into a total program, along with local public and private resources and programs to concentrate on the most critical problems as determined locally by careful community analysis

"In simple terms it says to each city, you prepare a comprehensive plan for correcting the human and physical problems of the most inadequate areas of your community and include in that plan a proposal for the coordinated use of existing Federal aid programs. To provide the inducement or leverage to secure coordination—and of course to fill in some financial gaps—the bill proposes to pay an additional share of the non-Federal cost of the total program." (Remarks of Senator Carlson). 112 CONG. REC. 20029 (1966).

73. Model Cities Act § 103(b)(2), 42 U.S.C. § 3303(b)(2) (Supp. 111, 1965-67).

74. For a discussion of federal funds available to the local governments, see text accompanying notes 25-33 *supra*.

75. See Department of Housing and Urban Development Act, 42 U.S.C. §§ 3531, 3533(c) (Supp. 111, 1965-67).

however, the program was developed and carried out under HUD leadership as a major inter-agency effort. All departments and agencies with major responsibilities for urban programs were involved. Personnel were designated by each applicable department to fulfill Model Cities coordination responsibilities. Federal agencies participated in the drafting of standards for the program upon which applications from cities would be judged.⁷⁶ The essential actors in the review of the first 193 applications and the second group of 164 were: the Departments of Housing and Urban Development; Health, Education and Welfare; Justice; Commerce; Labor; and Agriculture; and the Office of Economic Opportunity. These agencies participated in initial city selection, joined in reviewing city program submissions, and provided technical assistance.

During the selection of cities, representatives of these departments met in Washington and in the federal regional offices to review submissions and decide upon recommendations to the Secretary of HUD. Inter-agency policy and program review working groups still meet regularly both in Washington and in various regions. Additional departments and agencies which have joined the Washington and Regional Committees are: the Departments of Transportation; Interior; and Post Office; and the Small Business Administration.

Following the announcement of cities selected for the Program, regional inter-agency teams visited cities to explain the first steps in the planning process. They provided technical assistance in helping cities to apply for new federal grants while trying to give the cities a realistic picture of federal resources available.

HUD and other major departments and agencies have entered into agreements with respect to the following: (a) earmarking of funds under various categorical grant-in-aid programs for local Model Cities programs; (b) coordinated technical assistance to Model Cities; (c) priority and flexibility in application processing; and (d) assuring

76. This basis for this involvement is found in the Model Cities Act § 109, 42 U.S.C. § 3309 (Supp. III, 1965-67):

"In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 3305 of this title."

In addition to consultation on the execution phase of the program, HUD established consulting and review procedures for development of regulations, as well as review and recommendations for initial selection of cities for planning grants under *id.* § 104, 42 U.S.C. § 3304 (Supp. III, 1965-67).

local government and the citizens participating in and affected by the program a voice in its development.⁷⁷

A particularly important aspect of these agreements relates to coordinating all federal programs affecting the model neighborhoods by submitting them for review through the chief executive officer of the city. The tie-in of the citizen participation structure to his office and the channeling of applications for federal aid through his office, while providing local coordination, has also permitted a measure of consistency to be given to the federal programs involved. Similar efforts need to be made to accomplish the same ends by coordination through Governors of state-administered programs involving urban areas. As in any complex system, all portions must function well, or the process will break down. Local coordination of requests for federal assistance must coincide with federal resources, and efforts on all three levels of government must mesh properly or none functions well.

These initial efforts at federal cooperation and coordination have had only limited success. Significant changes in the federal structure have not occurred. With the exception of staff specifically detailed to Model Cities cooperation, there has been little modification in the pattern of federal behavior. Indeed, this experience is not surprising. The Model Cities Program was not enacted to restructure by itself the federal delivery system. Initially denoted a "demonstration" program, it sought to experiment with new approaches and identify weaknesses in the federal system. The statute, moreover, gave the program neither an adequate "stick" nor an adequate "carrot" to make any profound changes in the federal operational structure.

With respect to local coordination, Congress had "sweetened the kitty" with supplemental grants to enhance the desired end. Local agencies were expected to respond appropriately in order to share in the additional funding. The authority of the local chief executive to review applications of local agencies for federal funds also provided a potential stick.

On the federal level, however, the attractiveness of the right to be

77. Such agreements were entered into by the Departments of Housing and Urban Development; Health, Education and Welfare; Labor, and the Office of Economic Opportunity, on Dec. 10, 1968. A prior agreement between the Department of Housing and Urban Development and the Office of Economic Opportunity was entered into on October 29, 1968, which dealt with the relationships between local agencies, City Demonstration Agencies, and Community Action Agencies, administering the respective federal programs. It required City Demonstration Agency-Community Action Agency cooperation where model city projects and activities were materially related to ongoing Community Action Agency programs.

consulted on program approval was not sufficient to induce agencies to cooperate in the Model Cities Program. To do so would have meant relinquishing their authority over funding decisions to the extent of according a "priority" to Model Cities over other beneficiaries. Nor was the directive to the Secretary—"to insure . . . Federal coordination, at the direction of the President"—an efficient prod to achieve a consistent federal approach.⁷⁸ Coordination signifies a harmonious adjustment or functioning among co-equals. Presidential direction, *i.e.*, a *force majeure*, therefore becomes a necessary prerequisite if the carrot is inadequate and the stick must be resorted to.

B. Presidential Direction

In the Johnson Administration there was no formal procedure for the exercise of Presidential direction relating to urban affairs. Unless there is a formal and institutionalized mechanism in the White House, the necessary coordination will not occur. Presidential attention is not sufficient without such a mechanism, since his presence is necessarily fractionated into the many areas of domestic and foreign affairs.

The announcement by President Nixon of the formation of a Council for Urban Affairs and its immediate implementation⁷⁹ was a significant step to remedy this defect. It might be noted that a number of the responsibilities given to the Urban Affairs Council may appropriately be implemented under the Model Cities Program.⁸⁰

78. Model Cities Act § 103(b)(2), 42 U.S.C. § 3303(b)(2) (Supp. 111, 1965-67). The same difficulties have been experienced with two prior authorizations of coordination functions to the Secretary of HUD. In the legislation creating the Department, the position of the Director of Urban Program Coordination was created to assist the Secretary in carrying out certain advisory responsibilities to the President as well as leadership functions "at the direction of the President" with respect to urban program coordination. Department of Housing and Urban Development Act, 79 Stat. 667 (1965). Executive Order No. 11297 was issued in 1966 giving the Secretary of HUD "convenor" powers to bring together federal departments and agencies to consult and discuss, *inter alia*, federal program coordination. 31 Fed. Reg. 10765-66 (1966).

An Office of Federal Coordination for each Model City was deleted from the Administration bill. This office was originally regarded as a primary vehicle for federal coordination. *Senate Hearings, supra* note 20, at 78 (statement of former Secretary Weaver).

79. Executive Order No. 11452, 34 Fed. Reg. No. 17 (1969) creating the Council for Urban Affairs was signed on January 23, 1969.

80. Five of the eight charges given to the Council for Urban Affairs by the President in Executive Order No. 11452 are functions the Model Cities Program is performing. Thus the Council is directed to:

"Promote the coordination of Federal programs in urban areas. Encourage the fullest cooperation between Federal, State and city governments, with special concern for the maintenance of local initiative and local decision making . . . Seek constant improvement in

C. *More Effective Federal Decentralization*

Seen from the perspective of local decision-making, the federal apparatus has been woefully unprepared to respond effectively. Little authority for action has been delegated to field offices. The function of regional staffs as mere processors of paper, sometimes serving only as an initial roadblock, must be surmounted if meaningful discussions and consideration of local proposals are to be had in Washington. Although regional offices were more accessible to local officials, the lack of authority in regional staffs has had unfortunate results. Pay scales have been commensurate with the lack of authority exercised. Thus, from the standpoint of either responsibility or pay, there is limited attraction for the highly qualified.⁸¹

The ability of the federal regional and field offices to coordinate effectively their approach to urban problems has also been severely handicapped by the fact that in many cases each federal agency operates offices in different cities with varying geographical jurisdictions. For instance, Richmond, Virginia, deals with the HUD Regional Office in Philadelphia; the HEW Regional Office in Charlottesville, Virginia; and the OEO Regional Office in Washington, D.C. In dealing with the Labor Department, Richmond must go to the Regional Office at Chambersburg, Pennsylvania for matters under the Bureau of Apprenticeship and Training; Washington, D.C., for Bureau of Work Program matters; and Atlanta, Georgia, for the Women's Bureau.⁸² It is easy to understand the frustration of local officials operating under these conditions. Accordingly, the recent announcement by President Nixon⁸³ that such office locations and boundaries would be standardized constitutes an important move forward; There will now be a geographic focal point for federal assistance and, hopefully, some of the existing barriers to intergovernmental coordination will be removed.

D. *Clarification of Mission*

Although it is often expressed that we have a government of laws and not of men, the people who administer federal programs play a

the actual delivery of public services to citizens. Foster the decentralization of government with the object that program responsibilities will be vested to the greatest possible extent in state and local government. Encourage the most effective role possible for voluntary organizations in dealing with urban concerns."

81. A move to increase decentralization in all federal agencies serving urban areas seems in the making. *See* Domestic Programs and Policies—Message from the President, H.R. DOC. No. 91-96, 115 CONG. REC. 3599 (1969).

82. 1967-68 U.S. GOVERNMENT ORGANIZATION MANUAL 325, 333.

83. N.Y. Times, Mar. 28, 1969, at 1, col. 4.

critical role. The attitude and concept of mission of existing field staffs constitutes a major impediment to a coordinated federal response.⁸⁴ The present regional staffs are too often made up of narrowly focused professionals who view as their constituents the local public agencies or institutions which administer their programs.⁸⁵ Their perceptions of local problems are usually seen in terms of their own specific program.⁸⁶ There is lacking a consumer perspective and sensitivity.⁸⁷ Working with such a group to achieve federal coordination is clearly difficult when the priorities of the cities and the multi-faceted nature of their problems are seen only with blinders on. Such persons are not easily persuaded of innovative approaches, since program management is generally viewed in terms of administrative convenience rather than ultimate consumer needs. There seems to be a clear need for more generalists if staff resources are to reach the goal of meaningful federal coordination.

Technical assistance is an important function the federal government can provide to localities in developing solutions to their problems. Such assistance, however, must rely heavily upon the federal officials administering the needed programs. The limited regional staff combined with a tendency towards rigid administration reduces the prospect of meaningful assistance.

E. *Promptness and Certainty of Funding*

An adequate federal response to local initiative is dependent on a viable system for handling applications for federal funds. Promptness and certainty of funding as well as flexibility in the application of laws and regulations are clear directives from the legislation.⁸⁸ Local planning is extremely difficult unless one has a reasonable idea of the source and quantity of funds that can be expected.

Procedures which can ensure realistic planning include earmarking funds for localities to be made available upon development of plans, providing target figures for planning, and enacting legislation which permits advance funding. Such steps have been most difficult to accomplish. Earmarking runs counter to the bureaucratic tendency to retain authority. Target figures usually

84. REPORT OF THE OAKLAND TASK FORCE, AN ANALYSIS OF FEDERAL DECISION-MAKING AND IMPACT: THE FEDERAL GOVERNMENT IN OAKLAND (1968).

85. *Id.* at 111.

86. *Id.* at 112.

87. *Id.* at 113.

88. Model Cities Act § 103(a) & (b), 42 U.S.C. § 3303 (a) & (b) (Supp. 1V, 1965-67).

require advance appropriations by Congress.⁸⁹ An appropriation approach has thus far been limited to such programs as those under the Elementary and Secondary Education Act and the Urban Renewal and Mass Transit programs.⁹⁰

An overriding consideration at present, is the scarcity of funds due to other priorities relating to Vietnam and the need to stem inflation.⁹¹ The role of the federal government is also particularly limited in terms of funds.⁹² New approaches may involve systems of revenue sharing with cities and states rather than through federal direction.⁹³ In any event, it is beyond debate that the need for funds will increase with the local capacity to utilize them.⁹⁴

F. Improved Application Review

The federal procedure clearly needs a tightening of the administrative steps in processing applications for funds. A coordinated response probably requires a consolidated application for a number of categorical programs and an interrelated review process. Eligibility standards must be consistent, and processing accelerated.⁹⁵ All of this is possible by using the Model Cities application as a vehicle. Modification of inter- and intra-departmental procedures for affected departments is necessary; this will not, however, be an easy task.

One approach for combined applications would be to continue to

89. The two-year appropriations for Model Cities supplemental funds and the fact that cities have taken longer to plan, and therefore submit plans, has permitted HUD to convey "target" figures for planning to cities based on appropriations.

90. See generally 82 Stat. 659, 950, 976-77 (1968).

91. See Domestic Programs and Policies—Message from the President, *supra* note 81, at 3600.

92. *Id.* at 3600.

93. *Id.* at 3599. See also H.R. 9973, a bill to provide appropriations for sharing of Federal revenues with state and action cities and urban counties; Heller, *Should the Government Share the Tax Take?*, SATURDAY REVIEW, Mar. 22, 1969, at 26; BUILDING THE AMERICAN CITY, *supra* note 9 at 376.

94. BUILDING THE AMERICAN CITY, *supra* note 9 at 172. As stated by President Nixon in his recent Message, "Principal Legislation Proposals," H.R. Doc. No. 91-96, 115 CONG. REC. 3599 (1969): "We must recognize, however, that the long run progress will not come cheaply; and even though the urgency of controlling inflation dictates budget cuts in the short run, we must be prepared to increase substantially our dollar investment in America's future as soon as the resources become available."

95. See Report of the Oakland Task Force, *supra* note 84, at 197-205. An initial effort toward the consolidation of federal grant programs was announced by President Nixon in his message of April 30, 1969 (H.R. Doc. No. 91-112) and has been embodied in proposed legislation (S. 2035, 91st Cong., 2d Sess. (1969)).

permit each agency to review its own segment. This would provide an appropriate mechanism by which each agency would be encouraged to look at the entire package and examine how programs link together.⁹⁶ Thus, although an agency would still approve much of the package relating to its own programs, each segment would no longer be considered by itself, but in the context of how it relates to locally identified problems and local strategy.

Some way of providing incentives to staff to reward interagency cooperation is a necessary concomitant. The continuation of coordinated review, extending to program monitoring and evaluation, is also needed. Consistency in federal audit requirements must be obtained. Similarly, information systems need better coordination and programming to provide consistent data.⁹⁷

The prospects for a new federal responsiveness are brighter now than at any time in the past. Through the Council for Urban Affairs it is now possible to develop an adequate coordinating system. The Council presents a forum in which each related department and agency can be evaluated upon its production of quick and effective program decisions linked in a consistent fashion with other related federal efforts. It also provides the potential mechanism for development of the needed overall policy strategy to make the federal response adequate to the challenge of our urban problems.

VI. THE STATE ROLE

Although the role of the state government in the Model Cities Program was not particularly emphasized in the enabling legislation,⁹⁸ the fact that a large percentage of federal categorical grant funds are funneled through the states⁹⁹ makes state participation essential if the

96. See Report of the Oakland Task Force, *supra* note 84, at 197-205.

97. *Id.* at 205-206.

98. Model Cities Act §§ 101, 104(b), 112, 42 U.S.C. §§ 3301, 3304(b), 3312 (Supp. 111, 1965-67). "Local" agencies are defined under § 112 to include "State agencies and instrumentalities providing services or resources to a city or locality."

99. This fact was recognized during floor debate on the bill. For instance, Senator Carlson stated:

"[T]he Congress has heretofore approved some 170 programs of aid to State and local governments. These now provide almost \$15 billion in Federal funds. Of course, not all of this money goes to cities. Much of it is used for State-administered welfare, education, highway, and institutional programs." 112 CONG. REC. 20029 (1966).

In fact, over 90 percent of federal aid channels through the states particularly in the social areas of health, education, welfare training, and employment assistance, as well as highway construction and water and air pollution control. Patterns of technical assistance and distribution of these funds is set by state agencies. Thus, key decisions as to who gets aid, its use, and the level of services to be provided are state decisions, not local or federal.

objectives of the program are to be realized. There are about 200 federal grant-in-aid programs which are administered by the states. Many of the laws and governmental regulations that affect urban residents are enacted by state legislatures. Close cooperation between each of the levels of government is necessary if coordinated and comprehensive efforts are to be mounted to solve urban problems. The lack of enticements in the legislation for state involvement, however, has made it difficult to enlist active roles by many states in the program.

Few states, moreover, have any focal point of urban concern or expertise. Little support from state legislatures has been given to Governors for appropriate coordinating staffs. Perhaps this is attributable to the rural-urban balance in state legislatures, which are only now responding to the Supreme Court's reapportionment decisions¹⁰⁰ so as to give a greater voice to urban residents.

Just about the same commitment needed from the federal establishment is needed from the states. For instance, there needs to be early assurance of state administered funds. State planning efforts should be coordinated with local planning. Applications by cities for state funds or federal funds subject to state administration or review need flexible handling.

Although even more limited than federal agencies, the technical assistance capacity of state agencies should be provided on a priority basis to Model Cities to assist comprehensive planning and implement necessary programs.

The performance by states thus far respecting the Model Cities programs of their cities, even if not in the degree needed, is at least encouraging. As the critical need for effective state involvement became clear, HUD, in 1968, by letter of invitation to the 45 Governors with Model Cities urged states to take an active role in the program. This was followed up by visits of interagency teams with state Governors and state agency officials to seek their cooperation. All of the 45 Governors designated liaison representatives for their Model Cities programs. Half of the Governors responded with written assurance of their states' intent to provide funds and technical assistance.

Ten of the states have also provided funds to implement Model City plans. New Jersey has earmarked 250,000 dollars of vocational

100. The principal case is *Baker v. Carr*, 369 U.S. 186 (1962). *See also* comments in *BUILDING THE AMERICAN CITY supra* note 9, at 334. Whether such reapportionment in fact gives more voice to urban as contrasted to suburban residents is open to argument.

rehabilitation funds and the State's Department of Community Affairs has budgeted nearly one million dollars for Model Cities. Illinois, Arkansas, California, Indiana, Pennsylvania, and Washington have similarly earmarked funds to support their cities' proposed programs or to provide staffs for the City Demonstration Agencies. The governors of Connecticut, Massachusetts, Wisconsin, Vermont, Maine, and Alabama have expressed support for legislation to expand state financial involvement in Model Cities projects.

To offset the initial lack of an appropriate carrot to assist and encourage state participation, HUD grants for urban planning assistance have already been directed in three states to this purpose.¹⁰¹

An example of the kind of state effort that can be generated in support of urban problems and Model Cities programs is the New Jersey model. A Model Cities Interdepartment Group, comprised of the state's major departments and agencies, has been established through the Department of Community Affairs. Full-time staff has been assigned to provide administrative support for the Group. Staff of the Department of Community Affairs serve as community development representatives for its Model Cities. Representatives from the appropriate state agencies have also been assigned to provide direct working relationships between the cities and the agencies.

Most states have responded to the invitation from HUD to participate in the regional review of Program submissions from that state's Model Cities.

It is clear that there has not been sufficient state effort to date, although as noted above, there has been a beginning. The efforts of HUD and the Vice-President's newly created Office of Intergovernmental Relations,¹⁰² along with the provision of funding resources to strengthen state capacity, are necessary future steps. The state role is critical. Once state interest is established, federal assistance and revenue sharing will reinforce state commitment.

VII. MODEL CITIES—ITS FUTURE AS A PROGRAM

The change of administrations in January, 1969, has brought with it a great deal of speculation and advice concerning the future of

101. Comprehensive planning grants are available under the Housing Act of 1954 § 701, 40 U.S.C. § 461 (1964). The states are New Jersey, Rhode Island, and Connecticut.

102. Executive Order No. 11455, 34 Fed. Reg. 2299 (1969), establishes the Office of Intergovernmental Relations under the supervision of the Vice President. Additional support for coordination between governmental levels, particularly of state grant-in-aid programs, is provid-

this ambitious program. One of the earliest and most significant proposals reported, a study by Richard P. Nathan for the President-elect, was quoted as recommending the program's continuation and expansion to become "the accepted instrument for the entire Federal government" in coordinating urban aid.¹⁰³ At present, the Model Cities Program does seem to represent the "last best hope for successful Federal intervention in the dreary and dangerous cycle of urban decay".¹⁰⁴

The actual direction of the program, the result of its modification to provide the new Administration's imprimatur, and its ultimate effectiveness will be seen during the next few years.¹⁰⁵ At a minimum, it will continue as an experiment in a new concept to channel federal assistance to meet urban problems.

The entire realm of revenue sharing calls for a major decision from the Nixon Administration. Bloc grants, whether to states or directly to cities through the Model Cities Program, are one obvious approach. Such grants can involve performance standards, as does the Model Cities Program, or they can be parcelled out to states or localities simply on a formula basis, as was done with funds under the Safe Streets Act.¹⁰⁶

Citizen involvement, a *cause celebre* even before the book *Maximum Feasible Misunderstanding*, by Presidential Urban Affairs Assistant, Daniel Patrick Moynihan, represents one of the more difficult issues in dealing with urban problems. It constitutes a "damned if you do, damned if you don't" type of dilemma. Community involvement is both consistent with and a logical extension of the goal of decentralization of federal programs. Furthermore, it coincides with the concept of neighborhood sub-government recommended by the Douglas Commission.¹⁰⁷

Citizen involvement is a natural response to the fact that arbitrary governmental action will not operate unchallenged in urban communities today.¹⁰⁸ A constructive role for citizens as part of, not

ed in the Intergovernmental Cooperation Act of 1968, Title IV, 82 Stat. 1096. Secretary Romney's statement of April 28, 1969, see note 6 *supra*, emphasized that "[g]reater efforts will be made to involve the State governments in the Model Cities program."

103. Knoll, *Model Cities Adopted Orphan*, THE WASH. MONTHLY, Mar., 1964, at 52.

104. *Id.* at 53.

105. See note 6 *supra*, which describes the revisions in program administration announced by Secretary Romney on April 28, 1969.

106. Omnibus Crime Control and Safe Streets Act of 1968, 82 Stat. 197.

107. BUILDING THE AMERICAN CITY, *supra* note 9, at 350-54.

108. REPORT OF THE NATIONAL ADVISORY COMMISSION ON CIVIC DISORDERS 154 (1968).

outside, the city structure provides a meaningful alternative to unlawful opposition. The opportunity to participate, however, must be credible. So that their participation and decisions are more than pro-forma, citizens must be provided information and independent assistance where desired.¹⁰⁹ At the same time, the principle of citizen involvement must overcome the concern of city administrators about the delays it may engender. Clear understanding of the authority and responsibility given to neighborhood boards will tend to alleviate conflict and thereby minimize delay.¹¹⁰

Whether cities will take the necessary responsibility to make citizen participation work is the real question. On the basis of initial statements, the Nixon Administration will place this responsibility squarely on the city government.¹¹¹ As with other aspects of the Model Cities Program, citizen participation requirements present an opportunity for the city to develop its own capacity to handle its own problems. It responds to the idea that the federal government must abandon its prior role of reviewing and approving local programs in detail and have the courage to shift to a consultative role.

If there is really to be a test of flexible bloc grant funding, the federal government must rely upon local initiative, rather than substitute its judgment for that of local government on the substantive content of local projects and activities. This is a major departure from previous concepts of federal responsibility.

Federal programs have generally been administered with close federal review of program details, even when state or local governments have nominally been responsible for actually carrying out the programs. Only in limited categorical areas have any federal programs not required such review. The Model Cities supplemental grant moves towards the general support bloc grant in that it can be used flexibly in any area of legitimate governmental concern. It continues a federal role, however, by conditioning funding upon city compliance with general federal performance standards.

Thus as a program providing federal urban support to local governments, the Model Cities experiment lies between the two extremes of federal control of local decisions and local action without regard to national priorities. The results of this "demonstration" may well determine the direction of federal policy towards our cities in the seventies.

109. See Dep't of Housing and Urban Dev., *Technical Assistance Bulletin No. 3: Citizen Participation in Model Cities*, Dec., 1968, at 3, 9, 26.

110. BUILDING THE AMERICAN CITY, *supra* note 9, at 354.

111. See note 6, *supra*.