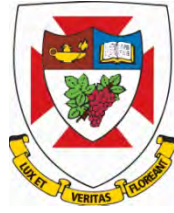


The Structure and Organization of Urban Development Corporation

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The Institute of Urban Studies





THE UNIVERSITY OF
WINNIPEG

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THE STRUCTURE AND ORGANIZATION OF URBAN DEVELOPMENT CORPORATION

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THE STRUCTURE AND ORGANIZATION
of
URBAN DEVELOPMENT CORPORATION

A Report
to
The Metropolitan Corporation of Greater Winnipeg
from
THE INSTITUTE OF URBAN STUDIES
UNIVERSITY OF WINNIPEG

April 1970

REPORT ON STRUCTURES FOR DOWNTOWN DEVELOPMENT

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STRUCTURES FOR
DOWNTOWN DEVELOPMENT

INTRODUCTION

This study is designed to assist the Metropolitan Corporation of Greater Winnipeg in the formulation of proposals for a development corporation by presenting a description and appraisal of the organizational methods employed by a variety of North American cities in undertaking projects of downtown development.

In recent years, several cities, particularly those in the United States, have experimented with different forms of urban development organizations in order to provide for a more effective, efficient and productive renewal of downtown areas. This new generation of development organizations were fostered by the increasing need to overcome inter-governmental confusions, enlist active participation of the community, implement a more comprehensive development program, draw upon a wide variety of financial resources and avoid the delays and red tape that often plague urban development efforts. Hopefully, this study, by recording and analyzing these experiences can shed light on ways and means of constructing an innovative and effective organization for the carrying out of the Greater Winnipeg Metropolitan Corporation Downtown Plan.

It is true that each city is unique and that institutions and practices cannot be precisely adapted from one city to the next. But, it is equally true that many problems or conditions are common to urban environments. Other cities' efforts to forge more effective instruments for urban development thus provide useful lessons to be employed in the Winnipeg situation.

The actual terms of reference for this study are laid out in a proposal submitted to the Chairman of Metro Council (attached as appendix I). The organization of this study consists of a series of short case studies which will highlight facets of different cities' development activities, followed by a breakdown of specific aspects of development organizations, drawn from the combined evidence of the case studies and concluding with an assessment of those features of development organizations that should be especially noted in creating such a body to promote Winnipeg's downtown development.

PHILADELPHIA DEVELOPMENT

(Population 2,015,000 - 1969)

Philadelphia is a well-recognized pioneer in the art of downtown development. The particular merits of the Philadelphia approach has rested in a talent for promotion, the enlistment of prominent business leaders in the redevelopment effort and efficiency in implementation. The manner in which this has been achieved is highly instructive.

Mr. Edmund Bacon, until a few weeks ago the head of planning for Philadelphia, in an interview, expressed the view that the first requirement in a successful development operation is to establish a clear image of what the project would accomplish and then attract wide scale public support. In 1948, the Greater Philadelphia Movement, a private group of citizens interested in the regeneration of Philadelphia, was formed and it adopted as a priority the downtown development of the city. Such devices as a scale model of a new Philadelphia downtown placed in a large department store were used to attract wide-spread interest in the proposal. Out of the Greater Philadelphia Movement grew both political reform forces and a new series of institutions to spark development. Thus, the initiatives for redevelopment in Philadelphia began with a base of citizen support, particularly the business community, and this has continued to characterize on-going efforts in the city.

The structures that now move Philadelphia renewal are a combination of public and private bodies which work together in a highly integrated fashion. The first is the Planning Commission which originates the plans. The second is the Redevelopment Authority which is charged with implementation. The third is the Old Philadelphia Development Corporation, composed entirely of private individuals which acts as a powerful pressure and support group for development and in effect is the real moving force.

The construction of the two government agencies reflects the American pattern of delegating a high degree of autonomy, and a wide range of powers. They are responsible each to separate citizen boards, the members of which are appointed by the mayor. The staff members are not part of the municipal civil service, have a good deal of independence from the line agencies of city government, and operate far more as business corporations than is normal in local government agencies.

The third part of the triangle, the Old Philadelphia Development Corporation is the most unique of the institutions. Its governing board of 46 members is composed of the top executives of the major financial, industrial and commercial institutions in the city. One could call it an institutionalized power elite. The Old Philadelphia Development Corporation has no formal role other than that of an "unpaid consultant" to the Philadelphia Redevelopment Authority and Planning Commission. But its actual position is an extremely influential one.

1. Interview with Edmund Bacon, Philadelphia City Hall, Feb. 24, 1970.

Bill Rafsky, the Old Philadelphia Development Corporation's Executive Vice President describes its role in various ways. It is a catalyst for getting renewal started, arranging finances and negotiating with potential developers. It serves as a liaison between government and private enterprise and insures that the development project is feasible and workable from both points of view. In fact, most of the major decisions on development in Philadelphia are taken in full consultation with the Old Philadelphia Development Corporation and with its acquiescence. Its Executive Vice President sits as an ex-officio member on the Boards of both the Planning Commission and Redevelopment Authority, and is in daily contact with their officials. In some cases the Old Philadelphia Development Corporation has acted as an actual developer, as it did in the Society Hill area where it marketed rehabilitated homes and it has recently taken over the actual development of the wharf area of the city. Normally, through, it acts as an informal, but highly influential expediter of development programmes forming an essential link between private and public operations.

The value of the O.P.D.C. is obvious. It mobilizes the power and resources of the business community. It insures that plans and development proposals are realistic and fit the needs and desires of the business community. It undertakes certain initiatives that a government agency cannot, thus imparting a flexibility to the development process. It points to the essential requirement for creating some vehicle whereby the private community participates in the planning and implementation of a development project. This has been a major key to the success of the Philadelphia Redevelopment experience.

BOSTON: URBAN REDEVELOPMENT CORPORATIONS

(Population 570,000 - 1969)

The first interesting aspect of Boston's development program is the provision under Massachusetts State Law (General Laws - State of Mass., Chapter 121A) for the creation of Urban Development Corporations. This law provides for the establishment of private corporations, initiated by three people who, on application to the Boston Redevelopment Authority, may undertake projects of development, construction or rehabilitation of commercial, residential, industrial property.

These projects must be considered to be in the public interest, fit the plan for the city, and respond to other minor conditions set out by the Boston Redevelopment Authority. Financing for such corporations can be obtained through issuance of capital stock, or from grants, gifts, loans from public or private agencies. One of the important provisions is that stock in such corporations must first be offered to owners of property in the project area.

The Urban Development Corporations are given certain important incentives. They are exempt from all municipal and state taxation for a period of forty years, except for an annual excise of 5% of gross income plus \$10 per \$1000 of property valuation. The corporations are also able to use the government powers of eminent domain. In return for these and other privileges there is a 6% maximum dividend limit on any return from investment.

The exercise of this Urban Development Corporation legislation has been responsible for several of Boston's major redevelopment projects, including Prudential Center, a massive multi-\$1,000,000 commercial redevelopment project, sponsored by Prudential Life under provisions of 121A.

The relevance of this procedure lies in its exemplifying how under covering legislation, the development of a downtown area or parts of it can be handled by a separate private corporation using certain public powers, working under general conditions and plans set by public authorities. This avoids problems of trying to combine various levels of government or a variety of interested parties under such an arrangement. The separate quasi public-private corporations have a freedom to undertake the task in the most efficacious manner possible.

It also means that the Boston Redevelopment Authority acquires a freedom and flexibility, as these development corporations can undertake projects that government may not be able to, but which will still fit into an overall plan. It also means that large institutions, such as Prudential, can be convinced to become a major sponsor of part of a development plan and arranging financing. Of course, the provisions for special financial inducements and possession of powers of land assembly are critical. Such an arrangement only works, however, when there is sufficient interest and ability in the private arena to take on such a job.

NEWARK, NEW JERSEY

(Population 400,000 - 1969)

Newark is a relatively small city in area (23 square miles) faced with the problems of urban blight and a movement of middle-class people out of the city leaving space for rising numbers of poor Negro immigrants. In the 1940's the city, acting under State of New Jersey enabling legislation formed a public corporation, called the Newark Housing Authority (NHA). The NHA has been noted over the last 20 years for its massive work in both urban renewal, housing and commercial redevelopment. Using local and federal funds as well as encouraging privately developed projects, the NHA had, by 1960, sparked renewal of about 300 city blocks, one-sixth of which were devoted to college, office and industrial uses. Most of this development was arranged without recourse to any detailed overall city plan.

Between 1964 and 1978 the NHA proposed to shift its emphasis considerably to provide for an increase in available office space in the downtown area. Projects totalling 8.4 million square feet of new office space were proposed and the total public-private investment in the area by 1975 was estimated to rise to over \$1,000,000,000. It was estimated that by this date well over one-sixth of the city would have been rebuilt under the impetus of the NHA.

The structure of the NHA is basically two-tiered. The executive director is primarily a "bridge" between the organization, the city officials, federal renewal agencies and the local businessmen's committee, the Greater Newark Development Council. The technical and planning aspects of the organization are handled by a development administrator.

Clearance policy is not dictated by bargaining with local interests. Stress in the organization has been laid upon the need to begin projects rather than achieve political consensus. The task of alleviating and representing local concerns is left to the city officials and to the Development Council. Most bargaining over sites, projects and financing is done with developers, federal officials and to some extent with city officials. Financing for the NHA itself has come from federal subsidies, rent from projects and bonds.

The success of the NHA in carrying on such an ambitious program has been due to many factors. One is the permissive mood of the city, which in the 1940's was faced with a critical problem of commercial and residential decay. A second factor has been the insulation of the NHA from the conflicting interests of the population. Thirdly, the leadership of the executive director, Louis Danzig, has been critical in the acquisition of necessary funds and investment. Coincident with this leadership factor has been the high quality of the NHA staff. A final factor has been the wide range of approval powers vested in the NHA. It has been able to approach investors as a single approving agency, thus cutting down delays and uncertainty in the formulation of projects.

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

The Urban Development Corporation of the State of New York was established in April, 1968.¹ It has the most extensive and all-encompassing sets of powers held by any of the new generation of urban development agencies; and is charged with a broad-ranging set of objectives, ranging from the construction of low-cost housing to the planning, financing, construction and administration of industrial and commercial development.

The powers held by the Corporation enable it to condemn and clear land and relocate displacees; it is exempted from municipal permit granting powers and municipalities are prohibited from modifying plans or drawings. Most significantly, the Urban Development Corporation (UDC) can waive local laws, ordinances, zoning codes, charters, substituting compliance with the state's own building construction code.² The UDC also has the auxiliary powers to create corporations and/or give money to subsidiaries, enter into contracts for purchase, lease, sale or mortgage of property and issue general revenue or project secured bonds. Its major source of financing is the issuance of tax exempt public bonds for which it has a \$1 billion authorization. In sum, the real innovative character of the UDC lies in the underlying concept of a multi-purpose public authority empowered to act out any or all of the roles associated with urban development from land acquisition to management. It thus can act as promoter, financier, consultant and developer; and through these powers is able to overcome the time lag and red tape difficulties normally encountered in development activities.

The line of responsibility for UDC lies with a small Board of Directors composed of 5 private individuals appointed by the Governor, and 4 state officials, again emphasizing the American pattern of creating development authorities outside of direct control by an elected body. There is also a business advisory council and there is power to establish a series of community advisory committees on the local level. The president of the corporation is the chief executive officer, also appointed by the governor. The individual holding that position is Mr. Edward Logue, who won fame as the sparkplug behind development in New Haven and Boston. This again emphasizes the critical importance of the man who must make the operation move. Logue won his reputation through his ability to overcome innumerable hurdles - both political and otherwise, and to skillfully deal with government officials and businessmen alike.

In terms of actual undertakings, the UDC is presently involved in the residential and commercial redevelopment of Welfare Island, a choice 147 acre land site lying off Manhattan, in the placement of low-cost housing in suburbs, and in the building of several new towns. Thus far, it has not engendered major conflict with municipalities, and has entered communities with their invitation. As one official commented, however, the powerful package of tools possessed by the UDC is a persuasive reason for municipalities to be co-operative. The extensive powers have an effect, even though they need not be used.

1. New York Urban Development Corporation Act, p. 6257
1. ibid., p. 6266

The relevance of UDC has several facets. The first is demonstration of an approach to urban development that goes beyond a specific project and covers a jurisdiction wider than a metropolitan area. The capacity of a senior level of government to set up a multi-purpose agency for urban development and to endow such an agency with wide ranging independent powers is not without its dangers. But, it does point to the seriousness with which the problems of urban development are considered, and the extent to which measures are required to overcome the conventional institutional, legal, regulatory arrangements. To quote from an assessment of UDC by two American planning experts -

"The UDC represents the latest stage in a movement which began with the government as regulator, underwriter and insurer and now features the state in active partnership with citizens and corporations. Government as 'packager' of developmental activities is a new genre of positive public enterprise."³

Furthermore, the UDC accents the increasing reliance on corporations that have self-contained powers of finance, land control planning and expropriation, governed by boards of directors appointed by government, outside the normal channels of responsibility, tied in with private advisory boards.

Other noteworthy elements of the UDC are the obvious felt needs to eliminate conventional rules, zoning and building codes, and to overcome jurisdictional problems. The conclusion is that the UDC is an instrument of potentially great speed and efficiency with the capacity to totally manage, plan, conceive, finance and manage large scale developments.

3. William Rally, "The State Urban Development Corporation", S.J. Schulman Yuk's, The Urban Lawyer, Summer 1969, Volume 1, No. 2.

DENVER

(Population 480,000 - 1969)

In the mid 1950's, Denver, a city in many respects similar to Winnipeg, was faced with a decaying central business district and no tall buildings to express any urban dynamism. In 1953 steps were taken to change the pattern of urban deterioration by renovating the civic auditorium and building a new civic library and a convention center. In 1955 a group of concerned businessmen formed Downtown Denver Incorporated to promote the uplifting of the central business district. Another group was formed in 1955, the Downtown Improvement Association, composed of retailers, owners, users and managers of downtown property but it proved to be too large (it represented 176 firms) to function effectively. In 1961 an ordinance of the Denver City Council established the Master Plan Committee. This organization was part public and part private because it was financed half by the city and half by private subscription. The mayor nominated committee members (20) whose purpose was to formulate a "Development Guide for Downtown Denver". The purpose of having a semi-private agency was to enlist the participation of the civic and business elite in urban planning, but the help of Denver's top business leadership was not forthcoming as it had been in St. Louis, Detroit or Philadelphia.

Denver's main problem is still the lack of leadership because of the fragmentation of activity surrounding urban redevelopment. Besides the Master Plan Committee, or the Downtown Development Improvement Association many other public and private leaders are involved in urban redevelopment. The Downtown Denver Urban Renewal Authority is an independent local agency with the power of eminent domain. It is composed of an advisory board appointed by the mayor and finds 1/3 of its financing from the city and 2/3 from the federal government. Its purpose is planning and urban renewal. The Governor's Council on Economic Development is a state body made of businessmen appointed by the governor whose role is to attract industry to the state. Forward Metro Denver Incorporated is a child of the Chamber of Commerce whose aim is to attract new industry and expand existing enterprise in Denver. Finally we have the Denver Planning Board, another city agency to handle comprehensive planning.

The private development in Denver has been undertaken mostly by outside investors such as New York's William Zechendorf who handled the \$16 million, 22 floor Mile High Center office building with 574,000 gross square feet of floor space, the Murchison interests of Texas who developed the \$10 million, 28 floor First National Bank and the Brooks Tower Syndicate.

Now with a population of 480,000, Denver is still faced with the absence of spiritual and co-ordinated leadership and is now grappling with the great problems of urban transportation and parking.

ST. LOUIS

(Population 665,000 - 1969)

St. Louis with a population of 665,000 in 1969 is experiencing, similar to many other cities in this study a population loss to the suburbs. The remaining downtown is trying to rebuild where obsolete transportation facilities and buildings remain. In beginning downtown redevelopment, the Mayor, A. Kaufmann, experienced great difficulty in attracting the interest of private developers. Generally, the public as well as the other political leaders, were apathetic to any major attempt at downtown redevelopment. The initial problem was one of finding leadership.

The problem of leadership was attacked in 1953 by the establishment of Civic Progress Incorporated. Civic Progress Incorporated was created by a group of concerned businessmen and civic leaders to act as a catalyst in redeveloping downtown St. Louis. The role of this organization is one of public relations. The members, being St. Louis Civic and business elite appear at fund raising and educational functions that are promoting urban redevelopment. There is no delegation of responsibility and there is no sub-organization or staff beyond the influential top business and civic leaders. They have been especially successful in promoting successful bond drives for development projects.

But as well as the problem of leadership in St. Louis, was the problem of making urban development attractive in terms of profitability to private developers. This second problem was solved by passage in the Missouri State Legislature Law "that allowed private organizations tax benefits and the power of eminent domain to handle downtown redevelopment. Corporations undertaking the Act must be organized "to serve a public purpose" and everything they build must promote the public health, safety and welfare." Corporations are allowed an 8 per cent annual return on their investments, are operated entirely by private interests but remain accountable to the city for approval of plans. A redevelopment corporation may function only in an area designated blighted by the City Board of Aldermen and continuing approval of budgets and plans is required.

In 1951 the pioneer Urban Redevelopment Corporation, a private group established under the new legislation, developed a 14 acre slum area just off St. Louis' business district called Plaza Square. This project resulted in the construction of an office building, six middle class apartment towers and a two acre park. In spite of the tax advantages offered to the redevelopment corporation, a one million dollar tax gain will have been realized after 25 years.

A second private group, the Civic Centre Redevelopment Corporation was established to handle the \$89 million sports stadium (Busch Memorial Stadium) and other associated projects. This corporation worked in conjunction with the Land Clearance for Redevelopment Authority, a public body created by the state of Missouri to assist in the redevelopment efforts of any city of over 350,000 people in Missouri. This public body consists of five commissioners appointed by the mayor, who acquire land and dispose of it to private redevelopment corporations. This body is the one that provides public scrutiny over private efforts made at urban redevelopment

MINNEAPOLIS

The Downtown Council, a non-profit private organization that works primarily with the private sector, but in close contact with city, country and state governments, is spearheading urban development in Minneapolis. It was created in 1955 to fill a need for an organization to develop, co-ordinate and promote commercial and civic growth in the central business district, to promote a steady growth of the metropolis and to make the downtown area a vital economic force. The Council assumes these general objectives and also more specific aims such as building the Nicollet Mall complex, and the implementation of certain transportation and parking plans. Mr. O. D. Gay, executive vice president of the Downtown Council, sees its role as that of a "catalyst".

"We are instrumental in getting people to do things for their city and in getting city people to implement the various projects our Board determines to be worthwhile."

The Council has a 24 member board of directors, one third of which are elected each year. The council is broken down into committees such as the Beautification Committee, the Retail Committee, the Nicollet Avenue Task Force, the Hennepin Avenue Task Force and the Traffic and Transportation Task Force. The members are all businessmen that receive no salary (only the executive vice-president is salaried).

The Downtown Council is in effect a pressure group of downtown businessmen providing leadership and acting as a self-described catalyst in public and private efforts at downtown redevelopment. Its immediate goals as stated by Mr. Gay are the improvement of urban transportation and parking close to the central business district.

CANADIAN EXPERIENCE

Canadian experience in urban redevelopment has not produced the same diversity of organizational and legal structures as have been noted in the United States. This is due partly to the fact that urban problems have been viewed with less concern than in the U.S.A., and because of the limited experiences with urban renewal.

The structure of federal-provincial relations in regard to urban development are fundamentally similar to those of the U.S.A. The provinces are the key to urban development, since they control the activities of the cities. The federal government may provide monetary support for programs inaugurated by cities or development agencies in both countries.

The most common forms of urban development organizations in Canada are related directly to local government bodies or are private corporations. Hamilton's Civic Square and Centennial Beach projects were both promoted through city agencies. Place Ville Marie and similar developments in Halifax, Vancouver and Winnipeg have come about through the efforts of private developers working with the city or metropolitan agencies. Public development agencies are definitely not used with the frequency found in the United States. The corporation founded to promote the construction of the Centennial Concert Hall complex in Winnipeg seems to be a major exception, and its scope is quite narrow in terms of the development needs in the city.

Housing and urban renewal has tended also to remain a function of the city bureaucracy across Canada. Many provinces have set up provincial housing authorities but these all appear to be concentrated on the financing aspects of residential construction. In the U.S.A. such organizations have tended towards the expansion of their powers into urban renewal and downtown development, but this trend has not so far been established in Canada. The experience in Canada thus far has not been to experiment with new forms of organization, but to treat redevelopment as similar to other government functions, handled by a line department. There is also an apparently greater reluctance to give more autonomy to development agencies, and to maintain tight political control. There is also no experience in setting up agencies that cross jurisdictional lines.

The present results of this experience, in Canadian cities, according to Dr. Robert Collier of the University of British Columbia School of Planning, who is completing a study of commercial urban development projects across Canada, are exactly similar to those that prompted American cities to seek new answers. There is no authority with central decision-making powers; various jurisdictions of government apply different rules and regulations. There is little rapport with the downtown business community. There is an uncertainty in finance. There is undue interference from elected councils. This adds up to serious time lags, which become expensive and costly, a sense of frustration which discourages private developers, and a lack of clear-cut responsibility by any

organization with sufficient powers to make decisions and have them carried through. The conclusion reached in Dr. Collier's study is that certainly some form of consolidated development organizations with sufficient powers, finance and autonomy to move quickly and with precision is seriously required to undertake the kind of revitalization required in the center city areas of Canadian cities.¹

1. Interview with Dr. Robert Collier - Winnipeg, March 2, 1970.

Note:

These case studies are not the only evidence upon which the succeeding analysis and conclusions are based. For example, material drawn from the experiences of New Haven, Baltimore, Pittsburgh and Chicago was also examined. However, their experience is similar to points made in the above case studies, therefore a full description of their activity was not included, although will be drawn upon in the analysis.

I ADMINISTRATIVE CONCEPTSA PURPOSE

The earliest urban development corporations have been private in nature and have been traditionally concerned almost solely with the optimization of profits. This narrow purpose has emphasized the devotion of land and construction to "productive" pursuits, neglecting the social environment which has disrupted by the development and often strained by the new construction.

Once public agencies were formed to promote urban development including slum renewal, their models were the projects constructed by private agencies. Urban renewal in New York City in the 1940's and 1950's for instance was sparked by Robert Moses, using his concept of narrow purpose activity. Moses opposed overall city planning, preferring to concentrate his energies on development projects which over time would hopefully dovetail into a better city. His primary concern was with rapid execution of projects, with a minimal concern for the social tensions and disruption caused by development. Agencies in Newark and Philadelphia moved closer to comprehensive planning with social concern in the 1950's.

With the development of systems analysis techniques in the 1960's it became apparent that "productive" investments and hidden "social" costs often occurred together, to the detriment of the social environment of the developed area. The concept of narrow purpose development has increasingly come under criticism. Comprehensive physical and social planning has encouraged development agencies to expand into multi-purpose organizations, devoted to the total development of project areas. Relocation of services, social amenities and family services have been either added to the responsibilities of development agencies or have been closely co-ordinated with the work of these agencies.

Much of the concern for social development has also emerged from the experience of development agencies in the United States which began as organizations devoted to the replacement of slums by low-cost public housing. The failure of many public housing projects to change the attitudes of slum dwellers forced a concern for the broader social matrix upon these agencies. In many areas the task of downtown commercial development was grafted onto the public housing agency, which has become the predominant form of public development agency in the U.S.A. Experience with slum society has thus contributed to the "humanizing" of commercial development.

The activity of redevelopment was also recognized to be one that involved a good number of interests. It became obvious in the experience of urban renewal that development only worked well when it was acceptable to the private community. Downtown development would work only when the commercial and financial interests which have the greatest stake in the downtown, as well as the wider community believe it in their interests to become involved and have an active participation in the evolution of the plan and the project. Increasingly, therefore, the purpose of such organizations has been to enlist the involvement of the downtown community and structure means for their continuing participation in the planning and execution of the proposal.

In assessing purposes of the organization then, two considerations are necessary. First, the scope of the organization from a single-shot enterprise to a more encompassing organization. Second, the extent of involvement of the private community. The experience of the American cities has been to expand the dimension of both. Organizations are becoming more multi-purpose, and designed to involve a wide range of community interests. This is accomplished either by having older institutions evolve into multi-purpose agencies or through the creation of new forms of development corporations.

B STRUCTURE

One important aspect of the choice of administrative structure centers on the relationship between local government and the agency which is entrusted with urban development. The status of the organization may be represented by a simple diagram outlining the options found in the cities investigated for this study.

ALTERNATIVE STATUSES OF DEVELOPMENT AGENCIES

	CITY-RELATED AGENCY	SEPARATE AGENCY
Private Control	A	B
Public Control	C	D

"A" -- Privately controlled agencies functioning as part of the city administration are rare. An example which comes close to fitting the classification is the now-dissolved Denver Master Plan Committee which began in 1961 as a private organization set up by local businessmen and partially supported by the City. Its function was to develop a comprehensive plan for the City of Denver. Its membership was originally appointed by the Mayor and while private contributions soon became its sole support it had access to the technical staffs in the city administration. The Master Plan Committee suffered from poor leadership and limited powers and was dissolved in 1966.

"B" -- Private development agencies are relatively common in the U.S.A. and Canada. Basically any corporation set up to redevelop an urban area which is not publicly financed or otherwise controlled falls under this category. For example, enabling legislation passed in Illinois as early as 1941 provided that any 3 residents of a city could form a private corporation for slum clearance in an area no smaller than 2 blocks or larger than 160 acres.

The law further stipulated other necessary characteristics of the area under discussion, the relation of the corporation to affected residents and to city agencies. A Missouri law allows any city over 350,000 to acquire land and sell it to developers, the development being done by private corporations which may enjoy tax-abatement privileges as well. Under Massachusetts Law, development corporations receive tax incentives and powers of eminent domain, as long as certain conditions laid down by the city are met and there is a limited return on investment. In this instance, these private development corporations act as decentralized agents for carrying out the development plan.

Private agencies are most often concerned with the development of relatively small projects compared with the overall plans or needs of the city. It is not uncommon to find a number of such agencies co-operating with each other or with a public authority in the development of a large scale plan. Option "B" is almost always compatible with the other options.

"C" -- Public, city-related agencies are also common. Urban renewal in Winnipeg at present is conducted under this type of administrative structure. Downtown redevelopment in Hamilton, Ontario was directed through this type of structure as is one of the most ambitious downtown development and slum clearance programs in the U.S.A., that of New Haven, Connecticut. Basically the structure consists of a Development Administrator who is responsible to the mayor or a council committee. The Administrator and his staff generally operate through contractors to accomplish planned projects rather than become directly involved in construction.

Such branches of local government may also negotiate with private development agencies. The prime drawbacks to this type of structure in the U.S.A. appear to be problems of fragmentation of authority, lack of flexibility and that of finance. City financing of urban renewal often requires the issuing of loans and bonds for resources which are in high demand by other city agencies. In order to shift urban development financing out from under city debt limits, provide more efficiency and avoid jurisdictional problems, option "D", the public development agency, is created.

"D" -- The creation of single purpose administrative units, often called special districts or public authorities is becoming increasingly common in the U.S.A. One study noted that the growth of such districts between 1957 - 1962 was on the order of 67%, comprising almost 30% of the local government bodies in the country. Special districts are neither new nor uncommon.

In Canada the trend in local government has been uncertain with regard to the creation of such authorities. On one hand there is the natural tendency toward the use of special district agencies to overcome problems of jurisdiction at the local level. In Winnipeg the formation of a water authority and a transit authority in the past were indicative of this trend. On the other hand, some Canadian cities have made tentative steps to reduce the number of agencies by the constitution of Metropolitan governments. The present problems of such super-authorities in local government situations

in Toronto and Winnipeg seem to indicate that these experiments were designed without a total commitment to the concept; the actual structures representing a possible advance over the fragmented local scenes in the U.S.A., but not carried far enough to create a fundamentally new form of local government. This situation appears to have led to a situation where new special organizations are needed for the solution of urgent local problems.

Special district agencies concerned with housing and urban development are relatively common in the U.S.A. They are often former housing and slum clearance agencies which have been given broader powers. The use of special authorities in this area in Canada appears to be very rare. Housing corporations are becoming more common, especially at the provincial level, but their concern appears to be primarily financial rather than activity-oriented.

Examples of urban development agencies may be found in the city studies above. See New York, Boston, Newark, Denver, etc. The compelling reasons for their creation are as follows:

- (1) To consolidate those powers required for development purposes in one place, thus eliminating the need to constantly harness a variety of agencies with different outlooks.
- (2) To provide for more speed and efficiency by giving such agencies more autonomy, freeing them from normal civil service rules, and giving sufficient powers of action and sufficient insulation from day to day political interventions to insure expeditious action.
- (3) To improve financing powers.
- (4) To integrate public and private resources and provide means whereby the private community can be recruited.

The organizational form of such organizations is normally a Board of Directors appointed by the chief political officer, composed usually of private citizens with public officials as ex-officia members, an executive director charged with responsibility for operation and normally more an entrepreneur type than a technical administrator, and a staff that is not subject to civil service rules.

A common occurrence is for development corporations or development authorities that are set up by local government to have a close tie-in with private development corporations, as exemplified in the Philadelphia arrangement between the city Redevelopment Authority and the private Old Philadelphia Corporation. This partnership between public and private separate agencies (types "B" and "D" in the typology) combines the advantages of both and is a particularly effective means of including the

private community. Therefore in examining possible structures for downtown development in Winnipeg, the arrangement of two corporations as done in Philadelphia, St. Louis, Minneapolis and elsewhere could be very instructive.

C ENABLING LEGISLATION

The nature of the constituting authority of a development agency has great implications for its role in the local political system, the respect which it commands and eventually the success of its program. Type "A" agencies are creatures of local business interests and city officials and are dependent upon the goodwill of both groups. The Denver example noted above was hampered by a lack of leadership, which is to be expected given the dual nature of control, and by a lack of power. Type "B" agencies are generally constituted under State or Provincial legislation, which has granted local authorities control over this form. Again the power of this type to effect development is quite limited, until city agencies have approved various aspects of the plan. In Chicago, for instance while State Law set down the conditions for constituting a neighbourhood development corporation, numerous city agencies also exercised vetoes by virtue of their control over zoning, eminent domain, comprehensive planning and social services. Type "C" agencies are more fortunate in this regard as their activities are governed by city regulations and they enjoy a status equivalent to those agencies which hold the above-mentioned powers. Type "D" agencies are of two types with respect to status of enabling legislation. In both cases, the development agency is the creature of state legislation. However, on one hand the city itself is authorized to directly create the agency as a city-wide special purpose public corporation while on the other hand the agency may be created directly by the State legislature. Generally, this is done where there is a need to form an agency which can act across city boundaries in an urbanized area. The status of the agency becomes equivalent to that of a city itself, though only within the limits of the purpose of the agency. Normally, such legislation is passed where the geographical area of jurisdiction crosses city boundaries.

D AREA AND AGENCY TYPE

There appears to be a relationship between the type of agencies discussed at the beginning of this analysis and their areas of jurisdiction. Type "A" agencies are quite rare and have few real powers. Generally their area of jurisdiction is city-wide. Type "B" agencies have almost exclusively created to handle projects which cover a number of city blocks, while Types "C" and "D" are found only with a city-wide jurisdiction. Type "D" agencies also have been adapted to regional or State boundaries. Dade County, which includes Miami, Fla., and its suburbs has recently been endowed with such an agency. Some attempts have also been made in the San Francisco area to develop a regional transportation agency and a regional development agency has been discussed. The trend toward regional

authorities appears to be following a trend toward the amalgamation of city governments into larger units, primarily on a county basis. Metropolitan governments such as those of Winnipeg, Toronto and now Montreal are analogous to this trend. This trend in development agencies has been pushed to its logical conclusion in New York State with the constitution of the State Urban Development Corporation.

The experience of cities under study is that agencies established to handle one specific task or project have a tendency to evolve into broader-based agencies, covering a wider area, with a greater assortment of development objectives. This corresponds to the reality of modern urban planning where it is obvious that development interventions in one part of the city have an impact throughout the Metropolitan area. Thus the opportunity to establish a new form of agency for the implementation of a downtown plan may provide a good opportunity to create an organization that might eventually serve a variety of development tasks in the metropolitan area.

II ADMINISTRATIVE ASPECTS

A EFFICIENCY AND DEMOCRACY

Where a program is undertaken which is both technically complex and costly, the timing of the projects is of crucial importance. In urban development, delays may cost a developer his profit, eliminating his incentive to participate and increasing waste in public expenditures. On the other hand, economic efficiency might be obtained only at the cost of sacrificing public responsibility. An important and complicated problem is to work out an acceptable trade-off between efficiency and public responsibility before a development organization of any type is formed.

The most common method of insuring accountability or responsibility is through the appointment of personnel. In the city-related public agency this method is most apparent, as the city council or mayor appoints the staff of the organization and they report to the elected officials. Often the top post in this department of the city administration is held by the incumbent "at the pleasure" of the council or mayor.

Directors of the more autonomous agencies may also be appointed "at pleasure", though there is a tendency to associate autonomy with fixed terms of office. The appointment of Boards of Directors or Advisory Boards are also common where autonomous public agencies are used. The members of these boards may be appointed by either the Senior Government or by the Local Government Council. In general, membership is for a fixed term and representation on the board is accorded to most or all of the major public-private groups having an interest in the development process. This system removes the organization one step from direct responsibility to elected officials, with the purpose of giving it more independence and freedom. It also removes it from the normal functioning of city departments.

Accountability through the control of personnel may also be pursued through the separation of the development agency's personnel from the civil service system. Such a designation places greater emphasis upon efficient and acceptable performance. In practice, one also finds, that the executive directors of such organizations usually have close relations with the Mayor or Governor and there is a mutual set of interests developed in an informal manner.

A second form of accountability is related to the financial activities of development organizations. The budgets of city-related organizations are obviously controlled by the elective city officials. In separate agencies, financial control may be exercised through the power to grant or withhold subsidies, and through the control of powers to borrow or float bonds. Many such agencies in the U.S.A. were formed in order to allow for the circumvention of city debt limits. These agencies were given the power to float bonds or borrow in other ways. The State and the city could financially control these agencies by means of requiring guarantees for loans and by requiring referenda on bond issues. Urban development in St. Louis, Missouri for instance has been carried on by

means of bond issues floated only after referenda had been held to approve this action, while the Urban Development Corporation of New York received a flat authorization from the State Legislature to borrow up to \$1 billion. In Boston a form of control has been incorporated into the financing of private development corporations by requiring that stock in the corporations be first offered to property owners in the project area.

A third method of insuring responsibility is through the monitoring of the activities of the agency. Private corporations under Illinois law as late as 1960 had to obtain the approval of 60% of the owners of property affected by renewal before submitting their plans to city officials for approval. Plan approval for public agencies of both types noted above is very common. Clearing and expropriation hearings, properly advertised and conducted may also allow for review of the activities of the agencies. A strong control over autonomous agencies is the separation of the planning function from the executing of a project. This leaves the elected city officials in control of the overall activities of the agency.

While the office of ombudsman is relatively new in North America as a whole and Manitoba in particular, it would not seem unreasonable to empower this office with investigatory powers in any area of urban renewal or where any public power such as expropriation is used, regardless of the public or private nature of the body concerned.

B AUTONOMY

In spite of the homage paid to public participation and control over such activities as urban development, times occur when the need for fast effective action appears to be overwhelming. This sense of critical urgency may motivate an elected body into granting widespread powers to an autonomous agency which contravenes established social patterns and traditions. The New York Urban Development Corporation, with its vast borrowing power, authority to overrule local bylaws on zoning and housing standards and its insulation from public control is such an example. The U.D.C., however, has provisions for a business advisory group as well as various community advisory groups which ties it to control groups. Other development authorities do not have quite the same powers as the U.D.C. and are certainly limited in the territorial scope of their activity to one city. But, the marked pattern of most American cities is to grant a high degree of autonomy to their development agency or corporation. This means separate financial powers and the right to exercise power of eminent domain. They usually have some form of a separate Board of Directors, freedom from conventional public service rules, and free handling of day to day administration.

C ACCESSIBILITY

Regardless of the type of administrative organization an intervention for reasons of urban development into a community will affect the social and economic fabric, along with the existing physical facilities. Those affected by this change as well as those planning to benefit should be allowed various avenues of access to the process of decision-making. In this way all concerned parties are able to secure some satisfactions, even if only psychological ones, and the project itself gains greater likelihood

of success.

There are numerous ways to gain access to the development agency. The most common method is through hearings held to discuss the plans and specific decisions being made for the development area. At present private developers are required to attend hearings in order to secure building permits and public agencies such as the Manitoba Hydro are also required to do so in certain cases. Since urban development tends to involve parts of society quite deeply, hearings are a useful avenue for promoting good adjustment. There are, however, definite limitations to the instrument of public hearings, as noted in an article by Jeffery Jowell.¹

The constitution of either Boards of Directors of appointed private citizens or of advisory boards at both the executive and project levels also facilitate adjustment of local interests and promotes co-ordination between public agencies and private corporations on aspects of projects where their co-operation is required.

Such advisory boards tend to act as "bridges" between these organizations and the development agency, both influencing and being influenced by the agency. In areas of urban renewal, a recent move in many American cities is to have Community Boards, composed of local residents, which also provide control over and access to the development process.

An improvement on the technique of Advisory Boards is that employed by the Old Philadelphia Corporation, the Downtown Council in Minneapolis and Civic Progress Inc. in St. Louis. These formal corporations devoted to downtown development, and paid for by private funds, provide a vehicle for mobilizing the various interests of the community in a very active way. As described in the case studies, these organizations work in close tandem with the public agency and provide an ongoing source of assistance, resources, ideas, criticism, and often undertake aspects of the development.

Accessibility can thus be provided through a Board, broadly representative of the interests involved in downtown development, directly tied to the development corporation, or through a separate, corollary corporation which co-operates and co-ordinates its activities with those of the public agency. The experience of American cities is that both are used. The latter form, however, is particularly effective and useful when there is a well-defined business group in the city, willing to expend time and resources. If they become organized into separate development corporations they add to and greatly complement the capacities of the public agency. There are naturally close inter-connections between the two. For example, the President of the Old Philadelphia Corporation (private) also sits on the Board of the Philadelphia Redevelopment Authority (public).

1. Jowell, Jeffrey, "The Limits of the Public Hearing as a Tool of Urban Planning", Administrative Law Review, Vol. 21, No. 2, February 1969.

D FORMALIZATION

The need for a formal developmental organization in terms of administrative efficiency is implied throughout this report. It is also worth noting the creation of a specialized body to deal with a particular problem serves an educational and a political function in the community. Briefly, such an action focuses public attention and interests upon the new agency and upon its functions. Identification of problems by means of the creation of a problem-solving agency is often half the job of solution. Further such identification may lead to an active community interest which transcends the bounds of the original problem. The effect of Expo '67 in the generation of national sentiment is a case in point. Thus the establishment of a corporation to deal with downtown development may well have the effect of highlighting other urban issues.

E LEADERSHIP

The quality of personal leadership as an administrative requirement for successful urban development became more obvious as research progressed. The psychological climate surrounding a development project is of tremendous importance in determining the success of such a project and this climate is primarily created by the leadership of the responsible agency. The examples of New Haven, Connecticut, New York City and Philadelphia demonstrate the crucial tie between leadership and success.

The successful leader is apparently a political or entrepreneur type and not a city planner, basically because the major tasks are those related to human relations and not physical construction. Edward Logue and William Rafsky can be cited as obvious examples. Leadership of the development corporation is required to attract support, negotiate with private interests, deal with different levels of government, and promote the project. To do this, the director must have a good deal of autonomy and freedom and be a person unafraid to use it. Only after these tasks have been executed can a leader realistically concern himself with the technical aspects of the program. An interesting comparison can be made between the unsuccessful efforts of Denver which lacked a "strong man" and other cities which succeeded because of effective direction from the top.

III SCOPE AND POWERS

The scope and powers exercised by the development authority is an essential factor in determining the success or failure of development plans. Too often good plans fail or become bad projects because of inadequate powers possessed by the responsible authority or because there was a fragmentation in powers or because the jurisdiction in which the development powers could be used was too narrow.

The scope of the development agency may be discussed in terms of geography and approach. A development agency may be given a frame of reference including the entire area of a city, from which it selects the most feasible projects or it can be tied to a specific geographical area of the city from its inception. This variation may depend upon the need for development in the city; where the city is facing widespread deterioration the scope may be wide, while it may narrow if the task and the goals are of a more limited nature. Geographical scope should not be determined before the goals of development are determined since there is an inter-relationship which exists within the entire urban area. Changes in one area will affect other areas.

The scope of development agencies is often varied in terms of approach. An agency may include both planning and expending of development, or just one or the other. It may be an autonomous agency or one closely connected to the city government. There appears to be a trade-off in this area in that autonomy appears to promote faster physical movements (construction, clearing, etc.) while closer alliance to city government avoids suspicions or resentments by elected officials, and perhaps greater public control.

The representation of interests in the development process, both planning and expediting, is probably the largest single complicating factor in urban redevelopment. There is no real public interest in this situation. Rather there is a broad range of intensely competing interests all of which demand to be heard. Some of these are as follows:

- a. People and businesses facing relocation - these are probably the most intensely interested people because of the impact of relocation.
- b. Interests involved in the actual operation of development projects - architects, businesses, developers are all interested in the possibilities of development and ways of corraling their interests are required.
- c. The wider downtown community. Business, financial establishments, residents, large firms that are located in the downtown area are also or should be aware of the condition of the downtown and the prospects engendered by a development project.
- d. Intergovernmental interests - the range of tools and activities in renewal are so great that all levels of government are involved and are somewhat jealous of their prerogatives.

The successful integration of these and other interests is required if the development is to proceed in an effective way. The scope of the agency and the powers it uses must be decided in light of the particular arrangement of these interests in each individual city. For example, some cities have constructed highly centralized agencies with all-encompassing powers to achieve a specific project, such as the Charles Centre in Baltimore.

The Charles Centre Development Corporation, guided by a Board of Directors drawn from the private sector is organizing the assembly of land, arranging finances and construction and managing the marketing of a downtown redevelopment project, with very little reference to existing city government departments, but using full powers of government. This came about because of the mayor's deep frustration at the incessant time lags and squabbling between existing agencies.

In Philadelphia, on the other hand, there is more decentralization with powers shared between the Planning Commission, Redevelopment Authority and the Old Philadelphia Development Corporation, with relations between handled in a co-operative informal manner.

The following describes the kind of powers exercised by development agencies under study.

A POWER TO PLAN

A development agency must first have some idea of what is desirable for the area. This is the planning function. It must be recognized that while planning is an ongoing process, some general concept of goals to be achieved must be retained from start to finish. Within this context much of the detail may vary according to conditions. Project planning is the first power required by a redevelopment agency. This means that agencies should not be rigidly held to a predetermined plan, but have the power to make changes without becoming involved in time-consuming changes in planning statutes by the local council or governing body.

B POWER OF LAND

The problem of acquiring and then using the necessary land for the project is most crucial. The major parts of this problem are price and timing. Land in the center of cities is valuable because of the available services and location near other industrial-commercial areas. It is also valuable due to the existence of speculators. Much land in downtown areas is over-inflated due to its potentiality rather than its actual use.

Development corporations in American cities are often forced into the landholding business because of the need to control land prices. Development corporations may hold all of the following powers: land purchase, use of eminent domain, land holding, clearance, zoning power and tax abatement. The financial situation of the development corporation may be such that it moves to purchase the land necessary for redevelopment. Such an activity is desirable not only for reasons of deflating prices but also for reasons of timing in the project itself. A common practice allied to land purchase is the writing down of land so as to enable the developer to reach a profit at a lower point than is normally relative to investment costs. Such a situation then enables the developer to pass

along benefits to the city as a whole in terms of smog control, landscaping, etc. or to the tenants of the development in terms of lower rents. The latter is important where a central area must compete with the periphery for new firms.

The use of the power of condemnation or eminent domain is important for purpose of assembling a coherent tract of land for redevelopment purposes, for assembling such a tract at the opportune time and for evading much of the inflated price asked by speculators for the parcels in the tract. In the last case, eminent domain (expropriation) may be considered as an alternative to extra financing and/or writing-down land costs. Canadian cities thus far have been wary of using this power for purposes of private redevelopment. But, there is no question, based on the American experience that such a power is necessary to avoid a host of time-consuming problems provided that some controls and accountability are exercised.

Landholding is a method of spurring metropolitan growth which has been neglected by most cities. Basically it consists of acting to purchase land before its speculative value becomes known and holding it until its economic value as a potentially developable site becomes apparent. Land banks entail some loss of tax revenue while the land remains in public hands, though some of this may be cancelled by future profits on sales. The possibility of loss of this method is comparable to that of purchasing and writing down by a redevelopment agency at a later time.

Clearance of land also requires financing but acts to make the timing of developments more secure. It appears to be often a precondition for developers' contracts.

C ZONING POWER

Zoning power, where such power is not diluted by continual exceptions and variances constitutes a useful planning tool. Basically, zoning has acted in redevelopment projects as a retarding and complicating agency, especially when a branch of the government not connected with the development agency controls this power. Increasingly the American experience is to provide development agencies with the power to override zoning regulations, subject to certain conditions and procedures.

D TAX POWER

Tax-abatement power is important in the attraction of developers and commercial and industrial organizations. Like the writing down of land it acts to reduce the costs of the developer. Two forms of tax abatement have been increasingly used in the cities under study. One deals with lower rates or moratoria on building and land within the project area. A second form concerns the revenue due rather than the replacement cost of construction. This form represents a type of loss of profit-sharing by the developer and the city. Tax-abatement may also reduce the loss caused by delays in development programs and may offset the advantages of cheap land and taxes found at the periphery of the city. Furthermore, the power to ameliorate or adjust the application of tax laws can be

useful in promoting new forms and styles of building. Obviously this is a power that elected councils would be wary of passing on to a development agency. But certain enabling tax provisions could be passed that would be used at the discretion of the agency.

E DEVELOPMENT POWERS

Once land has been reserved for the development project, the problem of finding a developer for the project arises. Development may be undertaken by either public or private organizations. Normally the public development agency does not actively participate as a developer as well, though such a procedure is possible and may be desirable especially where a large public grant for such purposes are made available. Private organizations which control large amounts of risk capital are probably the most common sponsors of redevelopment projects. Banks and insurance organizations are prime examples. The developer acquires the land from the development agency and constructs the buildings to meet the needs of the city and at the same time the qualifications of leaseholders. This organization therefore handles the construction, rental and maintenance of the project, either singly or in combination with other developers. Public involvement will inevitably occur with respect to various services to the project, such as schools, transportation, utilities, etc. One area which is often involved with public agencies is the problem of parking. Another consideration must be the eventual management of the project, particularly if space has been used for public amenities. The pattern of American cities in dealing with this question follows two modes. There is the pattern in Boston, St. Louis, where subsidiary private development corporations can be set up subject to overall plan and authority of the public agency. They are able to use certain powers of government such as eminent domain, and receive tax incentives. They continue as managers of the project. A second model is that of Philadelphia and Minneapolis where through separate organizations, i.e. the Old Philadelphia Development Corporation, Downtown Council, there is a private development interest brought into the project at its earliest stages and the eventual financial arrangements are worked out in co-operation. The Old Philadelphia Development Corporation also has taken on the job of marketing and managing parts of projects. The obvious interest in both cases is to insure that the private interests are party to the downtown development scheme, right from the beginning, and are not left out of the picture until plans and programmes are made, which has been the tendency in most urban renewal schemes in Canada.

One of the critical factors in the similarity or dissimilarity between plans and results is the time factor. Delays in financing, land parcel assembly, provision of services and especially bureaucratic approval of construction activities may cause the failure or the distortion of projects. This one fact alone has been a major reason in prompting the creation of development agencies or corporations which package together all the necessary powers, and act as one source of authority and decision. The Urban Development Corporation of New York is a prime example of an organization built for speed. One of the ultimate rationales, therefore, for a separate development corporation must reside on its ability to possess the required powers and have the personnel who can use them in a flexible, efficient, imaginative way.

F FINANCIAL POWERS

The financial relationships between various levels of government and development agencies are often complex and subject to considerable misunderstanding. The development agency is primarily a co-ordinating and expediting body and as such must be considered for financial purposes as a service organization. Profits, losses, costs and benefits must be considered in light of the entire governmental situation, not just in the accounts of the agency. Normally a development agency's accounts will show a loss of money, but this is not to be confused with the financial nature of the projects at hand.

The budgets of most agencies reflect their relative autonomy from other governmental bodies. The most autonomous agencies enjoy the privilege of issuing bonds up to a certain limit which are automatically guaranteed by the city or, if one wishes to avoid overloading municipal credit capabilities by the State or Province. In the U.S.A., the interest received on such bonds is normally free from income tax, allowing cities and development agencies to offer them at relatively low rates of interest. The availability of money for such bonds has rarely been low, except for the recent inflationary spiral. Some States have also authorized special bonds which are to be amortized through revenues generated by the tax appreciation on the project construction. This form of bond works against the tax abatement concept discussed above. Independent arrangements to borrow Federal public monies may also be permitted.

Often operating budgets for the agencies, costs of providing public amenities for projects and some other project costs are granted by the city. Further, the State and the Federal governments in the U.S.A. may act to defray either city or agency net project costs by means of underwriting a fixed proportion (usually 2/3 if Federal or 1/2 if State) of these costs. Net costs means the loss to the agency after the project land is leased or sold. These costs are especially great in the case of a write-down on the land, and where land is cleared. Grants and subsidies of this nature may be closely controlled where individual decisions are required or the autonomy of the agency may be preserved by means of assuring a constant subsidy based on a fixed percentage of all agency net costs incurred in its projects.

The agency itself may generate its own revenue from the sale of services and leasing land and buildings where the project construction is publicly financed.

Normally, the problem of financing a given project depends more on the quality of the proposals than on scarcity of money. Good projects, well conceived and expedited, have little trouble with money.

In spite of the deficits commonly incurred by development agencies, the public authorities generally stand to make a profit. Tax appreciation on urban development is normally high, running 3 to 4 times the original tax payments in the U.S.A. Amortization of public investments may be

completed inside of 10 years, long before most bonds are due. In terms of the local economy further advantages can be expected in that normally each dollar invested in development projects by public authorities generates between \$4 and \$6 of private investment. This means more jobs, increased tax returns and more secondary investment. Computing profit and loss by public authorities is therefore quite difficult.

IV EXTERNAL RELATIONSA COMMUNITY RELATIONS

Relations with the general public are commonly divided by development agencies into two types. The first type consists of relations with a specific part of the public, ie. those directly affected by development. This segment of the public includes those whose businesses stand to gain or lose from urban development projects, the developers of the area in question, city officials who must respond to an increased demand for services or, conversely, who may benefit from increased tax revenue, and householders who may be displaced. Good community relations in this area are a function of open communication lines and an opportunity for involvement. Techniques used may include hearings on proposals and the constitution of advisory committees composed of representatives of the affected groups. The more advanced methods being employed have been cited repeatedly. These include 1) a development corporation which has as its governing body, a board representative of various interests (Baltimore), 2) parallel private organizations or development groups that have a close working relationship with the development agency, and in fact, are instrumental in many of its decisions, as well as having powers of their own (Philadelphia, Minneapolis), 3) separate, subsidiary development corporations, either composed of community residents, or business firms, which undertake particular parts of the project, work under a general plan and enjoy special benefits (Boston, St. Louis).

A second type of public relations is concerned with the general public. Good relations at this level are important for the development organization politically since its programs may come under heavy attack from affected interest groups.

General public relations are important also in terms of the image of the development project itself. Development projects are generally undertaken in areas which have declined relative to surrounding or nearby areas. This may mean that a slum is cleared or that a neglected and underdeveloped downtown area is selected for a new residential and commercial project. In either case, the "image" of the area must be improved if the project is to succeed financially once the process of physical construction is finished. The responsibility of the development agency may formally be minimal in this regard, but experience indicates that if an original project experiences difficulty due to an inadequate "image", the development agency is likely to experience great difficulty in selling a subsequent project to the same or other developers.

Good public relations may also be used by the development agency in a broader context. Well-publicized successes in area development can lead to increased interest on the part of other developers and the community at large, in the further enhancing of the quality of life in the city. The development agency acts as a psychological catalyst for the community as a whole, demonstrating that existing conditions can possibly be changed and forming public opinion and action to promote such change.

Again, the existence of auxiliary "spin-off" corporations and boards provide support to this psychological climate. In Philadelphia, for example, the Old Philadelphia Development Corporation (OPDC) assists the Development Authority in cutting red tape, promoting the goals of the agency and undertakes active promotion of center city improvement. The board is composed of influential businessmen who exercise their connections with government and industry in this regard. In St. Louis separate corporations were set up to publicize development programs and to sell the agency bonds.

B INTERGOVERNMENTAL RELATIONS

One of the most critical problems facing any form of development agency is that of maintaining a relationship with the various government bodies whose co-operation is necessary to the rapid and efficient completion of its projects. This problem may be approached as in New York by the creation of an agency such as the Urban Development Corporation which can override local by-laws, zoning restrictions and other manifestations of local authority. A second conventional approach is the integration of the development agency into the city administration thus coupling local authority to the agency through institutional means. The practice followed where separate public development corporations exist has been toward the creation of boards of directors and/or advisory boards which provide for representation of local agencies whose powers may affect the quick implementation of projects. In this way, the private developers can avoid dealing with a variety of agencies for zoning permissions, new services, use of eminent domain, etc. Such co-ordination of public authority also provides a useful service to developers who may present projects outside the project areas. The provision of a single governmental contact point for an overall consideration of proposed projects constitutes a cheap financial incentive to outside investors, the time saved in co-ordinated negotiation resulting in savings to investors. There is an added difficulty, however, when the various agencies come from different jurisdictions of government. This can result in certain intergovernmental conflicts which can paralyse the operation of the Board. Another alternative is to have the governing board composed of private individuals with the development corporation having sufficient powers that it need not overly rely on existing government bodies. This was the case in Baltimore.

A great asset in dealing with inter-governmental relations in American cities has been the existence of the separate, private organizations such as OPDC. One of its important functions is to act as a buffer between the different levels of government, using its good offices to iron out difficulties and maintain close contact.

In Minneapolis the Downtown Council provides the function of liaison between the private sector and the various levels of government. This function of inter-governmental relations is performed either through informal contact or is institutionalized through a system of representation. In Denver, members of city council, private developers, realtors, financiers and planners are represented on advisory committees. The same man can be a member of the Downtown Denver Improvement Association, the Master Plan

Committee, bank president and president of the Chamber of Commerce. Inter-governmental relations are effected by a system of representation of all concerned groups and by multiple membership on these groups.

Needless to say, the experience of the cities under study indicates that the creation of some form of consolidated development agency, with sufficient powers, and good leadership has been one of the ways that inter-government disputes or conflicts have been transcended in the interest of renewing and improving the urban environment. Certainly the case of the UDC in New York indicates how far the State Government was prepared to go in putting together an effective instrument of urban development.

V CONCLUSIONS

From the foregoing examination, certain salient observations emerge.

PROCESS

The basic purpose of a development agency is the improvement of the conditions of life of part of urban society, primarily through the restructuring of the physical environment. New residential and recreational patterns, more jobs and better access to markets are all part of this improvement.

Development is change. It is a breaking of old patterns in favour of new ones. An organization created to promote urban development, therefore must be first of all designed to be an innovative or entrepreneurial one. Our research has suggested that certain elements are necessary if such a bias is to be built into an organization.

ENTREPRENURIAL ACTIVITY

The impact of private entrepreneurs in the cases of urban development set out at the beginning of this report is great. Where monetary profit is felt to exist, private entrepreneurs will take an interest in development; however monetary profit cannot be the sole guiding force in social change. Social, non-monetary "profit" must also be considered. Co-operation between public development agency and private developers can best insure a beneficial mix of the two kinds of profit. Such co-operation should not be left to random selection, but should be planned or even institutionalized. Increasingly North American cities through the use of joint quasi public-private corporations or tandem arrangements between private development corporations and public authorities are integrating the efforts of business and government in downtown development. Each constitutes certain essential points of view and does not view the other as an opponent. A formalization of private-public entrepreneurship must thus be provided and directed towards the improvement of the quality of life in the urban area.

A second problem related to public entrepreneurship is the separation of innovation from maintenance. Organizations tend toward stressing one function over another and it would appear that the separation of maintenance of completed projects from development activity should be made clear beforehand. This simply means that the agency which initiates and implements the project should not administer, but transfer authority to the respective agencies that normally look after parking, parks, etc.

I AUTONOMY

The separation of maintenance and innovation is generally made at the policy level also, where ongoing urban government is separated from the development agency. Even in cases where a development administrator is attached to the city administration his position has been granted a fair degree of autonomy. In the case of the specialized public agency, autonomy is central to its existence. This fact was repeatedly stressed - that

the activities of urban development require capacities different from those of normal government activities. Particularly important is the need to recruit personnel and give them a freedom of operation that does not fit conventional public administration patterns.

Leadership

An entrepreneurial organization requires a specialized type of leadership. The importance of good leadership in the case of urban development cannot be overstated. In all the cases of success and failure investigated in our research this factor appeared as a most critical one. Development agencies have succeeded where the leadership was oriented towards the co-ordination and direction of people and not towards the technical aspects of development. Previous experience in urban planning or construction does not appear to be as useful as experience in such areas as labour relations, politics or corporation management. Urban development is not so much construction as social change and leadership of an urban development agency must concentrate on handling the resulting social tensions and demands.

Timing

In terms of attaining the goal of development, a public agency is primarily responsible for the co-ordination of all parties concerned in such a way as to achieve a socially beneficial physical change. To a great degree, success is dependent upon correct timing of the parts of a project. Public amenities must be furnished to coincide with private facilities. In the broad sense "amenities" may include the need to provide various legal permissions to private agencies (zoning, plan approval, etc.) when the finance is available to begin work. Delays in approvals and more concrete amenities such as public services may both render an undertaking unprofitable, thus deterring further development. A development agency must be provided with the means of effectively reducing risk attributable to such delays, if private money is to be attracted.

II STRUCTURE

Certain essential points concerning the structure of development agencies have been noted in our research. Without a formal structure and an assured position in the web of public organizations and governmental departments the promotion of development cannot be carried out.

Enabling Legislation on Development Corporations

Authority for the creation of a development agency, if it is a separate body, must come from the Province. Such legislation indicates the interest of the highest authorities in the area in the problem of urban development and serves to focus public attention upon this activity. Development may also be promoted by the Metropolitan Corporation through the creation of a new post of Development Administration to co-ordinate the use of existing powers. Such enabling legislation may also want to

provide for the creation of quasi public-private development corporations, as was noted exist under Massachusetts, Missouri, Maryland and Illinois legislation. This would permit the creation of development corporations, sponsored either by business groups or community residents which could take on aspects of urban development in "the public interest", subject to certain conditions, but aided by incentives and the use of certain government powers. The possibility of establishing such forms of development corporations extends the flexibility of the public development authority and provides a means of mobilizing private resources.

Sponsoring Body

When the sponsoring body for the agency is the State or Province, the status of the agency in the hierarchy of urban governments and public organizations is high. The agency also enjoys more autonomy than when it is created under the aegis of city authority.

Jurisdiction

State-sponsored autonomous public agencies are, as far as our research indicates, entirely city-wide in jurisdiction. Some extend into counties and one is state-wide. There is no example of a smaller jurisdiction except in the case of the Manitoba Centennial Corporation. In some cases, public development authorities have centered on just one aspect of development, such as a downtown improvement scheme, but their ultimate activities have not be de-limited. It may be, considering the present state of flux in the organization of local government in Winnipeg, that the establishment by the Provincial government of a corporation specifically instructed to handle downtown development, but not exclusively so, could act as a forerunner for the kinds of institutions that might emerge to handle urban development on a Metropolitan scale. Certainly it's immediate establishment as a creature of the province - but with representation from various local interests would provide the Greater Winnipeg area with a new instrument for urban change, and one that would not necessarily have to be linked with existing arrangements of local government.

Scope

The scope of any agency appears to be a function of its history, resources, powers and the needs of the city. In the U.S. such agencies have grown out of an urban renewal background, enjoy autonomous financing, a varied extent of powers and are often faced with very pressing urban needs. Their scope of activities has tended to be broad, encompassing slum clearance, housing rehabilitation, industrial and commercial redevelopment. In short, they are involved in a total effort to upgrade the entire community.

Powers

The most obvious structural feature incorporated into successful development agencies, or recommended for the improvement of less successful ones is the consolidation of public powers related to urban development. These

powers are as follows:

Autonomous Financing
 Land Acquisition, Clearance, and Disposal
 Ongoing Planning
 Zoning
 Limited Tax Abatement Powers
 Building Standards

Consolidation need not mean that the agency need formally hold all of these powers, but it does mean that the agency has access to those other governmental bodies that do and that the agency may secure reasonably swift approval of all aspects of construction and operating and that its recommendations be considered as the most important single influence in decision-making. The relationship between the control of powers and the realization of good timing and the maintenance of autonomy suggest that some form of these powers be incorporated into the overall structure of the agency. As previously noted the transference of such powers, particularly those related to land, to a development agency which may use them to secure holdings for private development is a significant departure from the Canadian Experience. The practice under urban renewal projects is very awkward and cumbersome, and of course, only applies in urban renewal areas. Obviously such powers must be used with care and accountability. But, they are essential if the objective is to provide effective land assembly and development and avoid time-consuming and expensive delays for the private developers.

III EXTERNAL RELATIONS

In spite of its orientation as an innovative body an urban development agency must maintain relations with the existing community. Such relations serve to reassure society that change is controlled and worthwhile.

"Bridging" and Representation

The most important finding in this area of relations with the rest of society in our research was the ubiquitousness of the practice of "bridging". Urban development agencies everywhere are careful to provide auxiliary bodies which contain representatives of organizations and interests which may be affected by development or who are in a position to affect the nature and tempo of change. These bodies act to explain to local governments and interest groups in the city the rationale and the goals of the agency, so that the value of such work is acknowledged. They also serve to transmit the concerns of the organizations and interests to the agency so that an accurate estimate of the social scene may be gathered.

The importance of such organizations as the Old Philadelphia Corporation, Civic Progress Inc. in St. Louis, Downtown Council, cannot be over-emphasized. They serve to mobilize significant community resources, assist

in the shaping of plans and programs to fit what is realistic and possible, help arrange financing, developers and marketing, and at times take on actual parts of the program. They are not advisory boards, but have real influence and power mainly because of the quality of the people who belong.

A basic pattern to insure a proper co-ordination and integration of efforts is to have some overlap between membership on the governing board of the development agency and that of the private development group.

Yet another occurrence of equal merit in several cities has been the emergence of neighbourhood councils or organizations in affected development areas which take on some responsibilities for shaping the program, and representing the interests of local residents. This is more usual when there is an existing residential community that will be undergoing renewal.

Finally, any development agency would find work much easier if there is widespread support from the general community. There are a variety of techniques for exposing the plan and soliciting public interest, and they must be considered as essential to the process of development as any of the other aspects.

Intergovernmental Relations

Relations with other governmental bodies are of prime importance as they may determine the success or failure of projects through the exercise or withholding of their own unique powers. Effective relations require some sort of representation. The pattern followed by cities in this study is to have representatives of various agencies sit on the governing board as ex-officia members, usually in a minority to the appointed private citizen members. A pattern such as this might be useful in the Winnipeg context, again considering the uncertainty of present local arrangements. The establishment of a Development Corporation by the province could include representatives from the different levels of government. An additional form of representation could be a specific Board of Advisory Experts, drawn from the relevant departments of local government. The only other alternative is to adopt the concept of the Urban Development Corporation in the state of New York, where it possessed such a degree of autonomous powers, that local governments had no recourse but to accept its development proposals.

SUMMARY

Our research indicates that a public development agency, as suggested by the Downtown Development Plan, should incorporate the following ideas:

- 1) Provincial enabling legislation for the creation of a development corporation and perhaps subsidiary bodies

- 2) Autonomous agency status
- 3) Metro-wide jurisdiction
- 4) Consolidation of those powers under single direction which are required for the proper packaging of a development project, with proper safeguards and control
- 5) Close co-operation with developers and business interests, perhaps in constitutionalized form
- 6) A representative Board of Control
- 7) Effective agency leadership

Such an agency would be equipped to deal not only with the restricted scope of the Broadway - St. Mary development, but might in time integrate this development with the rest of the downtown area and with the urban area as a whole.

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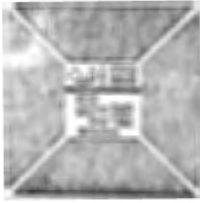
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THE UNIVERSITY OF WINNIPEG

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April 7, 1970.

Mr. K. E. Porter,
Secretary,
The Metropolitan Corporation of
Greater Winnipeg,
100 Main Street,
Winnipeg, Manitoba.

Dear Mr. Porter:

We are pleased to submit to the Metropolitan Corporation of Greater Winnipeg this report on The Structure and Organization of a Downtown Development Corporation, as authorized by the Council of the Corporation at its meeting of February 12, 1970.

The Report contains a basic analysis of the operational methods and administrative arrangements utilized by other North American cities in constructing agencies for the purpose of urban development. Within the constraints of time and resources set, it is hoped that this report provides useful information to members of the Corporation in the formulation of a programme for downtown development.

Yours sincerely,

Lloyd Axworthy
Prof. Lloyd Axworthy, Director,
Institute of Urban Studies,
University of Winnipeg.

James V. McNiven
Prof. James McNiven,
Research Associate.

George Siamandas
George Siamandas,
Research Assistant.



INSTITUTE OF URBAN STUDIES
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January 14, 1970.

Memorandum to: Mr. Jack Willis,
Chairman,
Metro.

From: Lloyd Axworthy,
Director,
Institute of Urban Studies

Re: Downtown Development Corporation Study

A) The purpose of this examination would be to analyse the experience of other cities in the establishment, organization and operation of public/private downtown development organizations, and apply such analysis to the formulation of a development corporation for Greater Winnipeg.

B) The method of analysis would be:

1) To examine downtown development corporations in nine or ten other cities in the following criteria -

- downtown setting and problem
- organization and composition
- legal arrangements
- powers and responsibilities
- financing
- relationship to various levels of government
- community response
- assessment of accomplishments

The cities would be chosen on the basis of different settings, and different periods of establishment. For example, the experience of Hartford, Conn. would be different from that of Pittsburgh, both because of different downtown and regional conditions, and a difference of 7 or 8 years in starting time.

Much of the material for this kind of assessment is already in possession at IUS or can easily be obtained through our relations with other universities.

2) A second step in the examination would be on-the-spot investigation of existing development corporations and interviews with their officials, board members, developers, etc.

This could be done in conjunction with an investigation we w re planning in several American cities in mid February to use for our urban redevelopment project which is alre dy underway.

3) The subsequent data, information and assessment would then be compiled and translated in terms of the Winnipeg Downtown Development Project. This would, thus, entail some work on the objectives, plans, projections, and attitudes of various interested parties in Winnipeg such as other levels of government, private developers, financial institutions. This information would be matched with the analysis of other cities to develop the kind of development corporation that fits Winnipeg's needs, but based upon the best working experience of other corporations. This could conceivably be finished by the end of March if an immediate start was made.

C) Resources: This is a simple study, requiring analysis of documentation, much of which is already possessed by IUS, some travel costs and computing expenses; and staff time for analysis and interview, and writing. Depending on the time that is required, costs would be moderate.

D) Results: Such a study could give Metro Corporation the kind of information and assessment that would enable it to build upon the experience of others and create a new form of community-governmental machinery for the reconstruction of the downtown area. It is a good opportunity for practical innovation.