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Land Use Planning and Policy --- Michigan in Perspective

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Introduction

Land use planning has come to Michigan. It's no longer a question of "planning or no planning," but where, by whom, for what? There are choices to be made, choices that are critical to the character of the state for years to come. Our agriculture is under particular pressure. Land is leaving production at the rate of about 100,000 acres a year. Some is used for other things, some stands idle as the owner hopes for a sale to pay the taxes. Steps have been taken to keep good farms. Further policy steps are needed. These pressures and policy challenges are not unique to Michigan. Broader perspective can be helpful.

The intention here is to improve the understanding of planning both as a process and as a formal activity of governments. Attention is focused on agriculture and on the structure of land use planning in Michigan. Much more could be said than is said here. But this document can provide the basis for a more comprehensive educational effort on this complex matter of planning the use of land in Michigan.

The Rationale

Planning is practically instinctive. We all do it, dozens of times each day. We plan the use of our scarce personal resources—time, energy, bank

account—to do the best we can within our means. There is no end to the demands, requests, pleas, threats or "bribes" we face in everyday life. We choose among alternatives in proportion to the "good" they do for us, our families, or other things we value. Planning is simply the instinct to survive in a world of limited resources being chased by unlimited demands.

It's the same in land use planning. We simply acknowledge that there are limits to the land resource. The limits are not all physical—some are economic. There is a lot of land around, but not all of it will grow wheat, for example, in quantities that make it worthwhile. The individual will plan the use of land under his/her control along with those other personal resources, to achieve as much income, natural beauty, peace of mind, or sense of community as possible. When a farmer makes land decisions he will mix those qualities up in different proportions than will an accountant or a realtor. The sum of those private choices establishes a pattern of land use for a neighborhood, community, county or state.

Historically, then, allocation of land to various uses has been accomplished by a land market, relying on private decisions and private planning. Each decision is based on a personal calculus of "what is good." Adam Smith, the granddaddy of economists, expressed it most succinctly—"the greatest social good is achieved when individuals have the opportunity to freely pursue their own interests"—or the

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whole is greater than the sum of its parts (we said that). Land, like other commodities, moves among competing uses on the basis of price. The price an individual is willing to pay depends on the quantity of "good" he expects to get from it. Some "goods" are measured in dollars, others are not.

But the system has a few basic flaws:

- Some people lack the finances to bid for the services of the land—they have the willingness to pay, but not the ability. The market as an allocator of things doesn't pay much attention to who buys, or why, as long as the price is right. Not everyone needs to own land, but everyone would like the opportunity to enjoy recreation or other services on occasion. These services are not always offered for sale since other activities produce more income per unit of land. In our society, it seems reasonable that some services of land be available to all people.

- Some land uses have no effective market yet are valued by voters. Wilderness is such a land quality. People don't even have to see wild or scenic areas or hike the trails to experience the value of these uses. If everyone who supports keeping the Grand Canyon grand showed up to enjoy the view, the whole ditch would probably cave in. People just want to know it's there and will vote tax dollars to keep it that way. Since the value is in *absentia*, there is no way that benefit can be withheld from anyone.

- Some land uses offer important benefits to people other than parties to a land market transaction. Farming is increasingly in that category. While farming can seldom compete with other uses for a given acre of ground, it is valued by society. If left to the market entirely, good farmland would most certainly be paved in short order. But "the public" steps in to protect benefits to others—benefits in the form of food reserve, perhaps, or attractive countryside, or urban greenbelt.

- Some land uses impose costs on people other than parties to the transaction. Soil erosion and sedimentation can silt in a quiet rural stream. The reduced quality of rural environment imposes costs—on the fisherman who must travel elsewhere for a successful fishing trip, or the park owner whose scenic setting is choked with mud. There are costs, but no particular private incentive for those creating the costs to change anything. The costs are external to the private owner's decision framework.

- Some land uses on adjacent parcels are just going to be incompatible. Farms and subdivisions are the most popular example. If the market worked well

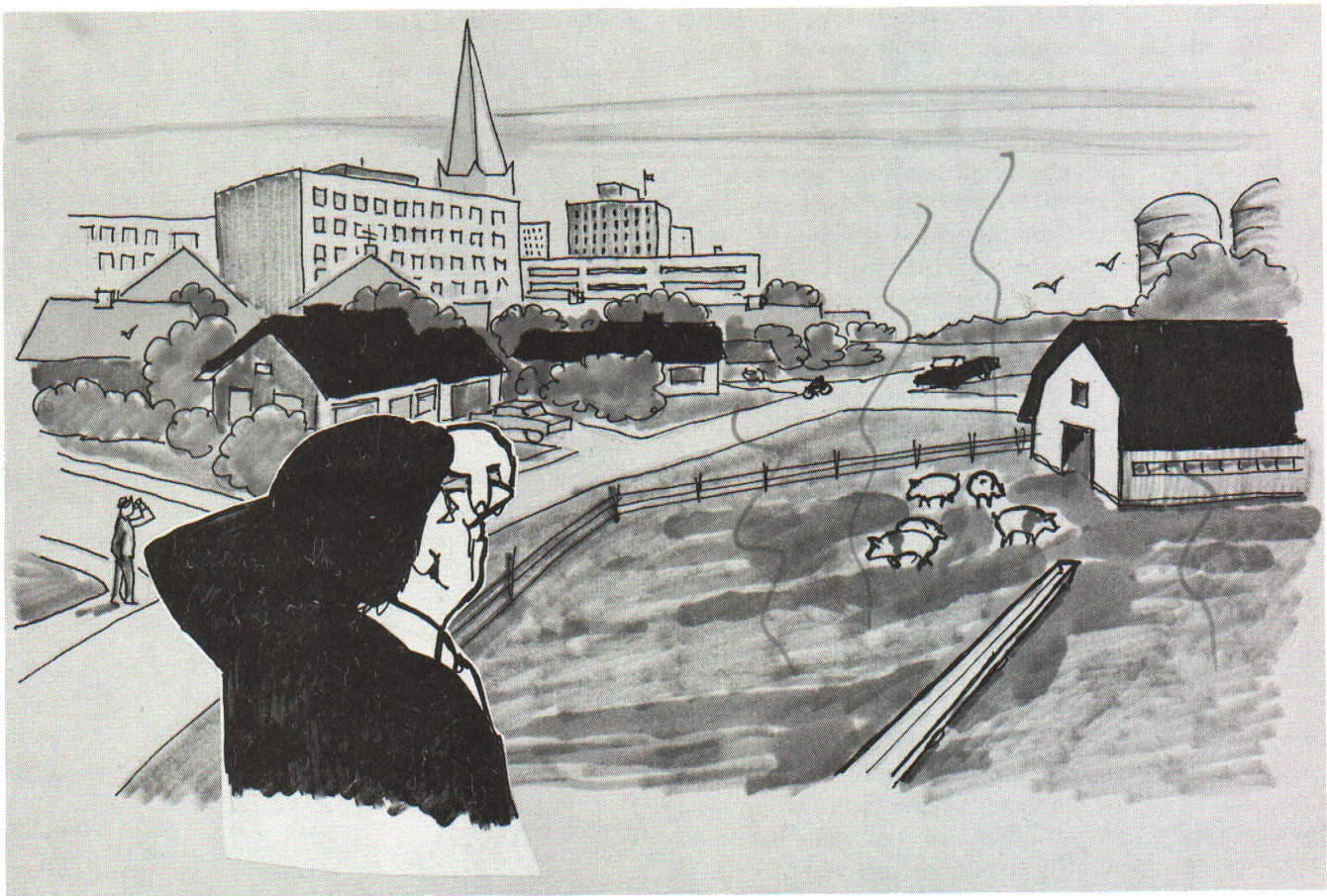
it might record this incompatibility, but a price is only as aware as the person paying it. Perfect markets assume perfect knowledge, and the subdivider who buys from the swine farmer can smother knowledge with visions of "open air living." Some of these conflicts are just not susceptible to private solution. The home owners might buy out the farmer or bribe him to control the smell. The farmer might pay for the costs he imposes on others. But these are likely to be one-time solutions. More than likely, both will appeal to the public for recovery of damages or the instigation of rules to avoid the problem in the future. Public institutions can provide a preventive medicine against problems that are likely to arise, and avoid relying on symptomatic treatment.

So we decide that under certain circumstances the market needs help. It needs public planning at the very least, and probably public action to create land access for groups of people with no market access, to provide land services with no market, to "internalize" benefits or costs not recorded in price, and to avoid the expense and pain of land conflicts whenever possible. This should not suggest that the land market be replaced, or that a different set of rules is innately "better." These new rules simply favor different land uses and different land users. The market is a useful mechanism that should be kept around, as long as we recognize its limitations. Planning merely seeks to change the set of options and encourage a different pattern of land use.

The Public Planning Process

A public—a township, village, city, county, region, state, nation or multi-national group—can undertake a very systematic assessment of action options. The process is basically the same as that exercised by the private individual or businessman, though the goal is collective satisfaction for a public. The following basic steps may be identified:

- **Inventory and data collection—identification of the present.** We can't make intelligent decisions about what we want if we don't know what we've got to start with. The businessman knows the capital, labor and land resource he has to plan with. The community, acting as a corporate body, must gain similar knowledge. Included are the land, water, business activity, public property, economic base, and population characteristics. The inventory step can be an exhaustive one, involving detailed breakdown of population structure, description of soil and topography, flows of business dollars.



- **Projections of what is expected.** Planning is a future dimension, the period depending on the character of the community and its expectations. A neighborhood association has a planning horizon of quite different dimensions from the U.S.-Canada International Joint Commission. But both are trying to predict developments and problems in an unpredictable world. Planning is the art and science of effective anticipation. Planning technicians have analytical tools that permit extension of the present and past into the future, with appropriate adjustment for risk, to foresee resource constraints of various kinds.

- **Setting goals—what do “we” want.** The basic problem here is deciding who “we” includes. Even an individual planning his own future may face some identity crises, trying to relate his own welfare to that of others with whom he must co-exist. For a community with individuals acting on behalf of others, the dilemma is even more acute. Public planning is profoundly political. The process of identifying alternative courses of action must be an open one, with room for compromise. In many ways, choices of goals are surrogates for choices among

ways to achieve those goals. Deciding “what it wants to be” is a pretty big decision for a community to make. Each public within the community has its own thoughts on the matter. A lot of time can be wasted trying to nail down a set of universal goals before proceeding with action alternatives. The only acceptable set is likely to be so general and unquestionably good that it is virtually useless as a guide to action. A more realistic approach to establishing major alternative courses of action may be to just identify the relevant options—and let the goals develop as they will.

Identification of feasible choices can be a technical operation, at least in part. Someone—an agency, commission or formally constituted group of some kind—must take the lead. But they can be successful only if the alternatives they identify reflect the preferences of the people who will have to live with any choice that is made. For example, if the technical alternatives identified list (1) a 2-lane road from A to B, and (2) a 4-lane road from A to B to C, but the community prefers no road, the choice among technical alternatives will not be very satisfying. Without the threat of road construction, that final goal might have lain dormant forever.

- **Decision on action.** Choices must be made—ordinances passed, applications approved, plans written, developments undertaken—as a community responds to pressures for change. Decisions have variable effects on members of the community. Not all groups will perceive improvement from every change. The hope is that distribution of benefits and costs tends to be reasonable over time. If one segment of the community loses consistently or is asked to bear substantial costs “in the public interest,” that segment will likely stop supporting both the decisions being made and the system producing them. Support is a key element in any public planning process. Decisions must be based on analysis of the relative merits and costs of alternatives. Of particular importance are who is affected, and how, to help people understand the consequences of public action.

Evaluation of past action. This is a step often overlooked. Performance is as critical in public choice as it is in the operation of a car factory. We should have some idea of what we are getting for what we’re putting in. Is the tax incentive program costing X dollars in foregone revenue really keeping open land out of development? What is the effect on housing prices of rent control or rental licensing? People of the community should be involved in, or at least informed of, the evaluation process. Results may lead to adjustments in existing programs, or major changes of direction.

Each of these steps is significant. Basically the public, through its responsible elected or appointed officials, is trying to make choices on some logical basis. Choices are constrained by what is, what might be, and what people want or will accept. Planning helps anticipate change and create conditions that will permit selection among reasonable alternatives. Public leaders are acting on behalf of all of us. It’s risky for them, and for us. An individual planning his own action or inaction has only his own preferences to worry about within the context of others around him. But the public is trying to anticipate our preferences. They can succeed only if we let them know what we prefer. By the same token, each individual must be prepared to compromise to achieve action that is broadly acceptable.

With that background on the rationale for planning, we can turn our attention to land use planning in Michigan. In recent years, particular attention has been focused on farmland in the path of development. The broader problem, of course, is to establish some acceptable balance between good agriculture and other needs for that land.

Focus on Agricultural Land

Land has been going out of U.S. agriculture for about 40 years, and chances are pretty good the trend will continue. Agriculture continues to occupy the largest share—about 20% of total land supply in the U.S. is categorized as cropland, another 30% is in pasture and rangeland. Developed land has doubled since 1950, but all urban uses combined still total less than 3% of land area (14, pp. 1-15). Within that cropland category at the national level there have been some major shifts. Cropland actually in crops decreased from a record high 387 million acres in 1949 to 335 million acres in 1964 with little change for the following decade. Productivity increases made that possible, even necessary. In 1973 land in crop production jumped sharply to 354 million acres in response to increased domestic and international demand. In the mid-70’s, land once diverted from production as a matter of national policy is back in production.

Similar adjustments are evident in Michigan. Agriculture has consolidated on fewer but larger farms (8, p. 4).

Michigan Agriculture

Year	Number of farms	Ave. Size (acres)	Land in farms (acres)
1860	62,422	113	7,030,834
1870	98,786	101	10,019,142
1900	203,261	86	17,561,696
1910	206,960	92	18,940,614
1940	190,000	97	18,400,000
1950	161,000	111	17,900,000
1960	118,000	131	15,400,000
1970	84,000	151	12,700,000
1975	80,000	154	12,300,000

The number of Michigan farms in 1975 is about what it was a century ago. But production on each acre has expanded substantially to keep pace with the growing numbers of people and their consumption preferences. Cropland still represents about 20% of total Michigan land and 70% of farmed acres. People have left agriculture, too. In 1920, one person in five lived on a farm. By 1975 that proportion had reached about 1 in 30 in Michigan and about the same at the national level. These are rough indicators, of course, but it’s safe to say that land and people formerly producing food in Michigan are now doing other things. That trend will continue. Why?

- **Economic factors internal to agriculture.** Clearly the major impacts on agriculture in Michigan and elsewhere are internal production economics. Land is pushed out as fertilizers, new crop varieties, better cultural practices, etc. substitute for land.



Some land simply cannot respond to greater capital expenditures per acre, and is phased out. In a modern, capital-intensive agriculture, some land is obsolete. Production increases have kept pace with greater food demands and less cropland. Crop output per acre has increased more than 60% since 1950 (1).

Michigan people have also been finding more productive uses for their time. Ours is an industrial state so wages and other benefits are relatively high. More importantly, there have been jobs available. About two-thirds of Michigan farmers have off-farm jobs. Michigan farmers average over 130 work days off the farm each year. Only a few states are higher in this regard. Off-farm incomes for Michigan farmers are higher than for any other state (15, pp. 39-42).

- **Direct Urban Pressures.** These categories of pressure on land in Michigan agriculture are clearly not mutually exclusive. Some of the economic obsolescence mentioned results from direct competition from urban or suburban development. Land and people are simply bid away to other uses. There's nothing inherently wrong with that—it's a fact of economic life. Just because resources are shifting use is insufficient reason for governmental in-

terference in the current set of rules that guide these shifts.

Urban activities will claim another 21 million acres of land in the U.S. by the year 2000, and Michigan will lose its share. There's no doubt that we are paving open land, some of it good cropland. But it's also true that most land going out of production is not being converted to urban use. One estimate is that for every acre of cropland taken for development another six leave production for reasons internal to agriculture—economic obsolescence or other management choice of the farmer (10). Nationwide, there is more land being added to the cropland inventory every year, through irrigation or reclamation, than is converted to urban use. It's also true that agriculture in some major regions of the country is under intense pressure. In the Northeast, prime farmland provided the space for 40% of the urban expansion of the 50's (11). Expansion has been even greater in the 60's and 70's.

Thus, while the urban demands for cropland may not suggest major concern overall, there are problems in some areas. New acres may be added to the national inventory, but only in certain specialized places—like in parts of Florida, and in southern Texas. There is clearly relocation of agriculture, with resulting stress on local economies.

- **Real Estate Roulette.** The symptoms of urban pressure are familiar to most, and welcome by many. The possibility of a sudden jump in land use intensity by sale of farm land to urban use can be an attractive thought for many farmers. Gradually rising property taxes may be the first sign that some land in the area is attracting the "high buck." It's likely, though, that many more acres will bear the tax than will ever see the bulldozer. Much land just "slips away" from active farming, as the manager places higher importance on the possibility of development than on active farming.

Competitive agriculture requires constant attention, frequent reinvestment, and some modest amount of enthusiasm on the part of the manager. The farmer must see a future for himself. There is always uncertainty in agriculture, but when those uncertain events could mean the difference between comfortable retirement and loss of his farming livelihood, the farmer's attention is diverted from farming (4). This cycle of events may present the greatest policy challenge for those who would like to retain a viable agriculture. This premature idling of farmland, not in response to internal economics or needs for development, but to a set of unreasonable expectations about future land value can be a real social loss.

Reasonable Policy Objectives

One thing we can't do in policy for farmland is to freeze things the way they are. There is no way to stop the forces of change. To attempt a "forever green" program for farmland in Michigan or any place else is both irrational and self-defeating. Farmers must be able to make necessary adjustments in their use of land. A reasonable set of guides for successful agricultural land policy is the following:

- Land that can and will stay in agriculture should be identified. Attention should be focused on lands with the productive capacity to respond to more intensive management. Some land is obsolete, or soon will be. These lands have a place in overall agricultural policy. They must not be ignored, but some distinctions must be made in setting priorities for the long run. Physical capacity is not enough. There should be some evidence that agriculture is a going enterprise in the area being considered. There should be evidence that farmers are making the investments needed for continuation of agriculture, and that they are inclined to continue farming for a reasonable time in the future. Essentially, areas of high priority for agriculture should be identified, using physical and economic data, and a good dose of judgement by policy specialists.

Policy should recognize the "critical mass" of agricultural activity in an area (4). Successful agriculture clearly implies a whole collection of things, of which land is an important part. There must be adequate input channels, banks for needed capital, and good land in blocks large enough to support the whole system. Unless some minimal foundation of agricultural infrastructure is apparent, policies to encourage agriculture will be frustrated. Land use programs must acknowledge the importance of this aspect.

- The basic strategy of all this should be to discourage "real estate roulette" by reducing the major uncertainties of land use change. Of course, some will object to this—uncertainty can pay great dividends for a few. But those who actually gain are far fewer than those who hope to gain. To encourage a viable agriculture, farmers and the community must have a clearer notion of the future—both immediate and in long run. Some uncertainty is probably inevitable and good. We are far from a directed society. But too much uncertainty can lead to a pattern of resource use that hurts us all.

- Most important—land use policies for agriculture must recognize the role of management in agriculture. It is more than land. Successful programs will be those that accommodate the judgement of the manager, rather than confront it. Survival of agriculture requires both.

These programs seek to influence the judgement of the manager, to continue active production. They encourage the manager to make private choices that generate public value in the continuation of good agriculture.

- Policies should help ease the pain of transition of land from farming to something else. Change is inevitable, and can be painful for some. The fact that land use change imposes costs on some should be faced outright, and efforts should be made to offset those costs. By the same token, intervention in the process of change imposes costs, too. We may well decide that any discomfort to a few people is more than offset by social gains. But to those bearing the pain, benefits to someone else are small comfort.

- There must be continuing efforts to project long run food needs. Information on these needs can help assure that short run land use choices are sensitive to future possibilities.

Alternatives for Saving Farmland

With the above general objectives in mind, there are several major categories of techniques for getting the job done. The important distinction among them is "who pays"? Any program or law to save open land implies some distribution of costs, both in

dollars and in something even more valuable—the right to decide. This right is perhaps the most valuable commodity in a democratic society. Battles are fought over the question of whose judgment counts. Political power, in fact, is some expression of the ability of one group to achieve its preferences at the expense of another. And every group is convinced that its interest is essentially “the public interest.”

Planning. This first category of public action is really not an action at all, but the contemplation of action. As noted, the fundamental purpose here is to give some direction to the future. Planning alone can reduce the unrealistic dreams that contribute to the big land value gamble discussed above. Planning, as a formal activity, shows deliberative intent by the community that can form the legal basis for subsequent implementing actions. Even without those actions, planning can be a collective expression of how the community wants to change. That expression can influence the future all by itself.

Regulation. The basic land use control technique for local governments in Michigan is zoning. It has been around for years, and works well in most cases. It permits the community to establish districts within which certain uses of land are simply not permitted. The idea is that these restrictions are essential to the general health, safety and welfare of the community. Some will lose—have their economic options limited in some way—but the benefits to “the public” outweigh the costs to a few.

Zoning is basically a “downtown” technique. It works far better for keeping gas stations out of residential areas than it does for preserving agricultural land. It may lock up the land, but can do little to maintain the economic climate conducive to good management (6).

Clearly, the dollar costs and benefits of public action are shifted directly to the landowners. Zoning affects the value of land—some owners get a windfall, others get wiped out. The community pays little, except perhaps the overhead cost of dealing with irate citizens. Those for whom zoning means the loss of a possible sale will complain; those whose property reaps the benefit of this relocation of development pressure will speak about “the public interest.” Zoning can decrease the range of choices for some, while increasing it for others. “Let the chips fall where they may”—that’s the idea in zoning. For this reason, it’s a manageable job for the local government.

Zoning is difficult where there is intense pressure for development of open land. Few zoning boards are willing to confront economic demand—probably to their credit. Tax assessors know that zoning boards respond to demand for open land. When those who lose, lose big, the political reaction to the local authorities can be fierce. Further, courts have been sensitive to the financial losses borne by a few, in judging the “reasonableness” or the constitutionality of an ordinance.



Several rural townships near Detroit have applied the regulatory approach to farmland preservation by designating Agricultural-Industrial Zones. Agriculture is an industry, they say, and should be accorded the same status. Uses not conducive to good farming are to be excluded, even though those other uses might pay more for the land. The Michigan State Tax Commission has agreed with the communities involved that if indeed they stick to the ordinance and prohibit non-farm development in agricultural districts, tax assessments may be adjusted to reflect the value loss. Of course those who had dreamed of early retirement via the big sale are not very pleased.

Hawaii has had state level zoning for some time. Agricultural areas are protected. California legislators have debated a stringent regulation to stop development on good farmland (3). Under this bill, each local unit of government would identify prime farmland, and prohibit use for anything else. There have been no other state-level programs to regulate land use on behalf of agriculture. The Province of British Columbia in Canada has established a Province-wide network of agricultural reserves (2). Under their Land Commission Act, land designated as agricultural will stay that way. There are no ifs, ands, or buts about it. Now that's facing the issue.

In all of these programs, the implicit assumption is that the perceived right of the landowner to make a profit is less compelling than the right of others to maintain land in farming. Once that case is made and the regulators stick to their guns, expectations of the landowners must adjust. The farmer may still feel that his best bet is in farming. Perhaps he won't leave farming over the outrage of losing the possibility of a big sale some day.

Acquisition. Communities can spend public funds to buy the land use pattern they want. Public ownership of land has a long history in the U.S.

With purchase, landowner and government presumably leave the transaction with some feeling of success. The landowner sells at a price he feels represents the opportunities he's giving up, and the purchaser gets the land at a price he's willing to pay. That's all true if the transaction is voluntary. If property is condemned—that is, acquired through eminent domain—the landowner may still leave the transaction feeling he has been had.

Cost distribution in cases of acquisition or "just compensation" is essentially opposite to that of the regulation case. The government pays the bill and the burden is distributed among taxpayers in proportion to their contribution to the particular revenue source that's used. The landowner bears no cost if the price is truly voluntary and includes some

increment for the disruption that's caused. If he's forced out, there is some residual of cost borne by the owner with the rest compensated.

Because the purchase is undertaken to fulfill some public purpose, and the "public" (whoever that is) pays for it, we might argue that acquisition is the way to go. But it costs money—money which might be used some other way. Perhaps the owner is being paid for rights that should or in fact do belong to the public at large. The argument for compensation includes some definite assumptions about the initial distribution of those rights the public says it wants. The point is—there is no consensus on what is equitable when the public, through some level of government, seeks to influence land use.

When the policy problem is how to keep good land in farming, simple acquisition is probably not a reasonable choice. First, it costs too much, but also there is no convincing evidence that government can run a farm very well. A more likely approach is partial acquisition—that is, purchase of only those rights needed to keep good farms operating. Purchase of development rights has become a policy option many people talk about, but few have really tried. The following cases are most prominent:

- Suffolk County, New York has been struggling with a development rights acquisition proposal for several years. Everyone seems to like the idea, but the tab is too high. Initial plans for a \$60 million program were scaled down to \$15 million for rights to 3500 acres.

- Michigan Department of Agriculture proposed a state-wide scheme to purchase development rights on enough land to keep some 8 million acres in production. There was no firm cost estimate, and political reaction was strong. The proposal never matured into legislation, but the idea has been discussed.

- Connecticut considered a development rights purchase bill in 1975 aimed at keeping 325,000 acres. Financing was to come through a special 1% tax on all property transfers. It didn't pass, mostly because of anticipated costs.

- New Jersey has undertaken a pilot program to purchase development rights to 10,000 acres in selected townships. Their hope is to expand the program state-wide.

Incentives. There's a whole set of techniques for saving farmland that falls somewhere between the extremes of regulation and purchase. Government offers certain "plums" to the landowner in hopes he'll do things deemed to provide broad social benefit. It's a form of bribery with a social purpose.

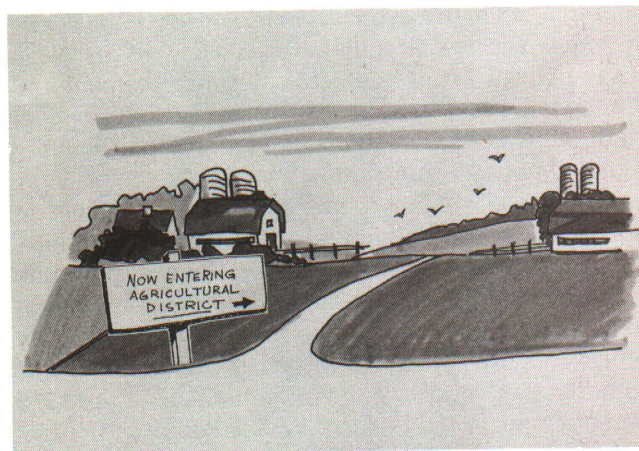
The idea is to accommodate the management impulse of the farmer, and bend it slightly. These techniques don't confront good management by simply restricting the choices, neither do they shift all the choices to government by outright purchase. The obvious challenge here is to offer an incentive sufficient to get the pattern of farmer decisions we say we want without just providing a "windfall" with little real change in land use.

The most common set of incentive programs involves adjustment of taxes. The theory is that by altering this one aspect of cost, farmers may look more favorably on farming in the future. Rising property taxes, reflecting the possibility of development, are one of the most troublesome indicators of non-farm pressure on agriculture.

Use Value Assessment: Starting with Maryland in 1956, about 35 states have undertaken programs to tax farms as farms rather than at full market price (5). In many states, this has required a Constitutional Amendment to get around provisions that all land be assessed on the same basis. Many have rollback provisions to require the farmer to pay back the tax advantage he gained under the program if he fails to do his part by keeping land in farming.

Michigan legislators considered use value bills in '70, '71, and '72. Opposition came from other property owners and public officials from local governments worried about the loss of local revenue from property taxes and subsequent shifting of that burden to other taxpayers. Resulting compromises produced the Farmland and Open Space Preservation Act of 1974 (PA 116). Under this unique program, the tax incentive for farmers is funneled through the state income tax, rather than local property taxes. The result is a spreading of the program costs throughout the income-earning public of the state.

Agricultural Districts: New York State offers a variety of incentives to farmers who agree to keep their land in farming. Farmers in an area initiate a proposal to establish an agricultural district. Approval is required at every level from the local government to the state, building a significant base of support. Once in a district, a farmer is assured of use value assessment, protected from nuisance ordinances or other restrictions on the farm operation, and generally assured of a reasonable planning horizon for the farm business. The state reserves the right to designate districts in areas of clear value to farming, though that right has yet to be exercised. A recent New Jersey districting proposal would mandate local designation of districts within 2 years, or the state would do it.



Districting permits a coordinated expression of priority for good agriculture. Emphasis is on the set of economic circumstances necessary for continued production.

The Structure of Land Use Planning

The decision-making and coordinating functions for land use planning are shared by local, regional, state and federal agencies. The aim is to maintain the fine balance between individual rights and public good, through the distribution of responsibilities among the various levels of government.

Local. In Michigan, all municipalities—townships, villages, cities and counties—have the power to zone. Ordinances enacted by the smallest localities (townships) have precedence over those of other units, except when ordinances are found to violate specific legislation which protects environmental or high risk areas.

The Municipal Planning Act of 1931 (Act 285) empowers all municipalities to set up planning commissions to plan their own physical development. The plan is to include regulation of land subdivision, arrangement of streets and provision of "adequate and convenient open spaces, for traffic, utilities, . . . recreation and light and air for the avoidance of congestion of population."

The clear intent of the law is to merge planning and zoning, thus encouraging zoning based on a plan. Because effective planning is expensive, requiring technical information and technical staff assistance, many localities have adopted "model" plans which make no attempt to deal with the specific problems faced by individual communities. As a result, many local plans have served to gather dust rather than guide development.

Regional. Many planning decisions can be made at the local level, but the high cost of effective planning, together with the necessity for dealing with the combined needs of municipalities and regions in the

planning of highways, airports, water and sewer systems, solid waste disposal, health care, mass transit, air pollution control, water management and other such services have resulted in the development of area-wide, countrywide and multicounty regional planning districts.

There are 14 regional planning agencies in Michigan. In addition to their planning service function, they act as clearinghouses for federal planning funds and as direct recipients for other funds. Eight regions were designated in 1975 as appropriately representative units to draw up regional water pollution control plans under section 208 of the 1972 Amendments to the Federal Water Pollution Control Act (PL 92-500).

State. Regional considerations, like local ones, overlap. State government, through legislation and administration, is involved in facilitating and coordinating planning activities.

The Office of Land Use, Department of Natural Resources, was created in 1973 to "assume complete responsibility for the development of a state land use plan and to prepare legislative proposals to effectuate that program."

In April 1976, a Division of Land Resource Programs was created within the DNR to consolidate the activities of the Office of Land Use with those of several other natural resource program areas within DNR. Most of the current programs—Shorelands Management, Natural Rivers, Inland Lakes, Soil Erosion—will be continued in this new unit.

The Land Resource Division is also responsible for the administration of the special tax for Agriculture, the Farmlands and Open Space Preservation Act of 1974 (PA 116), the Shorelands Protection Act, the Inland Lakes and Streams Act, the Wilderness Act and the Natural Scenic Rivers Act.

Under the Farmlands and Open Space Preservation Act (PA 116), landowners may receive special tax considerations by agreeing to keep land in agricultural production for 10 years or more. This facilitates longer term planning, and in return, a participant is entitled to a credit against his state income tax equal to the amount of property taxes in excess of 7% of household income, and to exemption from special assessments for sewers, lights or other non-farm public improvements. More than 81,000 acres of farm land were enrolled in the program in 1975, producing tax credit on Michigan income for about 250 farmers.

Under the Shorelands Management Act, local planning and zoning along the Great Lakes shores must conform to state guidelines, or the state can impose regulations.

The Division of Land Resource Programs also regulates use of state owned lands throughout Michigan and is responsible for payments in lieu of taxes on such lands to local governments. In January, 1976, \$1.9 million was paid to 81 Michigan counties under this program. This is distributed among local school districts and county and township governments.

In addition, the Division is involved in the definition and identification of "essential lands" and the updating of zoning codes. This contributes to an ongoing program leading towards a coordinated plan for land use at the state level.

Legislation for state-wide planning still has not emerged. The 1975 proposal, also considered in 1976, would establish a commission to prepare a State Plan and review it every two years. Localities would have three years to prepare plans for review at the county and regional levels. The state commission would have review authority over county and regional plans, but could reject a part of a plan only if it varied from the policy requirements of the bill. The commission would also prepare reports on land use problems related to developments of state or regional impact and make recommendations to the State Legislature. While the future of this type of legislation is uncertain, further proposals are likely.

Federal. The federal role in land use planning has essentially involved financial incentives to local planners, accompanied by coordination and review of regional and state level management. Available federal funds are increasingly earmarked to assure certain minimum planning standards. Several federal agencies exert an influence on local land use programs in Michigan. These include: The Environmental Protection Agency with "208" planning funds; the Department of Commerce, with the CZM program; and Housing and Urban Development with "701" planning funds and the National Flood Insurance Program.

EPA: Regulations administered by the EPA require the development and implementation of comprehensive water pollution control plans for all portions of each state under Section 208 of the 1972 Federal Water Pollution Control Act. In order to assure achievement of the Act's 1983 goal of fishable and swimmable waters, "208" requires control of point and non-point source pollution by means of land use and land management controls through broad regional analysis of the implications of growth for water quality (9).

Under "208," the EPA provides grants and guidelines to assist planners in identifying "best management practices" for a region. The actual planning and implementation process is in the hands

of substate regional planning entities, composed of locally elected officials (12, pp. 23-26). Michigan has 8 regions which received approval and funds in 1975. The rest were approved late in 1976, but with fewer federal dollars and the requirement for local cost-sharing. To be approved, the regional unit must demonstrate that it is truly representative of local units, and ready to do some useful planning. Six of these regional units also receive funds from the U.S. Department of Commerce under the Coastal Zone Management Act of 1972, which provides funds and "guidelines" for implementing land use controls to protect the overall integrity of shorelands. Michigan received grants totalling \$730, 486 in 1974 and 1975.

The Dept. of Housing and Urban Development: Primary source of funds to municipal planners at all levels has been the "701" Comprehensive Planning Program, administered by HUD. 1974 amendments to the act require "a land use element which shall include . . . studies, criteria, standards and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth shall take place." A more general plan related to the pattern and intensity of land use for residential, industrial and commercial activities is also required (7). Additionally, State "701" recipients will be required to develop a mechanism for coordinating or unifying the principal state administered land use planning systems funded through various federal agencies (12, p. 29).

Also under HUD supervision, through the National Flood Insurance Program, flood prone areas are re-

quired to prepare plans for flood plain management or face loss of federal funds for construction and home mortgages. Under the Flood Disaster Protection Act of 1973, HUD identifies flood hazard areas and requires communities in those areas to participate in the National Flood Insurance Program, and thus perform the necessary land use planning and control of the flood plain.

These are the major programs providing federal input into local and state planning. Except for "701," they relate to some clear and present danger to health, safety or the general welfare. While debate continues on the real seriousness of the water quality problem, the existence of non-local spillover costs is generally accepted as the basis for federal and state roles in land use planning. However, the importance of local decision-making has not been overlooked. The American Law Institute, drafter of a model land development code, has concluded that even with the passage of federal legislation to establish a Federal Office of Land Use Policy Administration within the Department of Interior and provide grants in aid to stimulate state wide land use planning, ninety percent of all land use decisions would continue to be made locally without interference from other levels of government (13, p. 306). That will continue in Michigan, where the traditional and legal foundations for home rule are particularly strong. But we can expect the shifting of some specialized planning and control to the regional level, with oversight by the State.

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