



Issues Relating to the Potential  
Municipal Incorporation of

# THE WOODLANDS TOWNSHIP

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August 2021

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### About the Authors



**Dr. Luis Torres** is a research economist at the Real Estate Center at Texas A&M University. The Center studies the Texas economy and real estate market as well as researching the U.S. and world economy. Dr. Torres developed regional indicators that measure economic activity in the real estate industry and forecasts the housing and commercial markets.



**Wendell Cox** is a senior fellow at Urban Reform Institute. He also serves on the Board of Advisors of the Center for Demographics and Policy at Chapman University and is principal of Demographia in St. Louis. He is co-author of the *Demographia International Housing Affordability Survey* and author of *Demographia World Urban Areas*. He was appointed to three terms on the Los Angeles County Transportation Commission and one term on the Amtrak Reform Council.



**Joel Kotkin** is Executive Director of the Urban Reform Institute.. Kotkin is the author of ten books, including most recently *The Coming of Neo-Feudalism: A Warning to the Global Middle Class* (Encounter). He is a Presidential Fellow in Urban Futures at Chapman University. Kotkin writes regularly for *City Journal*, *Quillette*, *Tablet*, the *Los Angeles Times*, the *American Mind*, and the *Daily Beast*. He also serves as executive director of the website, [www.newgeography.com](http://www.newgeography.com)

### About the Urban Reform Institute

The Urban Reform Institute is a national think tank headquartered in Houston. Our mission is to actuate the revival of American metropolitan areas as engines of upward mobility and prosperity by transforming how policymakers, academics, writers and journalists think about towns, cities and villages. We do this through world-class research and studies, open dialogue and data-driven solutions.

Our vision is for all American towns, cities and metropolitan areas to adopt the principles of “people-oriented urbanism,” thus generating opportunity, jobs and middle-income housing affordability and creating places where all citizens can live, thrive and raise a family. To that end, topics addressed in our research include; localism and governance reform; the availability and affordability of housing; comparative cost of living; job creation and economic policy; the impact of environmental regulation; as well as the need for intelligently designed transportation systems and other infrastructure. In January 2019, the Bush Institute at the George W. Bush Presidential Library in Dallas presented URI’s national study on gentrification at an event.

URI promotes its research and analysis through publications such as ranking indices and index reports, white papers and books as well as media outreach, op-eds and commentary. URI also possesses a deep reach into traditional and social media to key targets among political and business leaders, think tanks and urbanists, policy makers, community leaders and developers. In 2017 and 2018 alone, URI staff and studies were cited more than 300 times, with media hits in *The Wall Street Journal*, *New York Times*, *Houston Chronicle*, *Orange County Register* (California), *Forbes*, *City Journal*, *Real Clear Politics*, *Politico*, *Daily Beast* and Fox News, among many others.

## Executive Summary

The Woodlands Township Board of Directors has placed the issue of municipal incorporation on the November 2021 ballot. This report examines local governance in the national context, with descriptions of recent annexations and other local administrative formats that have been chosen. The report also includes specific issues relating to the prospective incorporation of The Woodlands.

The Woodlands is one of a very few complete, master planned new communities in the United States. It is consistent with the vision of urban planners and government “new town” programs around the world. The Woodlands Township is now considering the possibility of setting an election that would allow residents to vote in favor of or in opposition to incorporating The Woodlands Township into a city.

The Woodlands Township is a government unit, though not a municipality, established by the State of Texas to provide augmented governance while remaining in unincorporated Montgomery and Harris counties.

Incorporation has been an important issue, especially since World War II, with nearly all metropolitan area population growth having been in suburban areas. Nearly all of this suburban development has been in unincorporated areas of counties. Some suburban areas have been annexed by municipalities (urban core or suburban), others have incorporated as cities and others have remained unincorporated. Today, 34 percent of the population in metropolitan areas remains in unincorporated areas.

There have been a number of incorporations of larger cities like The Woodlands around the nation since 2000. Most have been defensive, with a major driver being to avoid being annexed into already existing cities. In other cases, a principal driver has been an interest in transferring control of public services to new cities from county governments. In these cases, the choices facing the communities have been either incorporation or continued county government control. In some cases, the newly incorporated municipalities have faced more challenging financial issues than were anticipated when incorporation was initially proposed to the communities.

There is, however, a middle-ground, which is demonstrated by The Woodlands Township model, with augmented, locally controlled services by a local government, while remaining under county governance for some services. The three new complete communities that probably are most similar to The Woodlands Township, have developed augmented governance within a county unincorporated framework. These include Columbia, Maryland; Reston, Virginia; and Highlands Ranch, Colorado. Other augmented governance approaches include the historic civil townships in the Northeast and Midwest, and more recently, alternative governance approaches have been developed in Utah and Nevada.

Fear of forced annexation by cities (Houston and Conroe) has been an important justification for seeking incorporation of The Woodlands as a city. However, the passage of Senate Bill 6 in 2017 and HB 347 in 2019 have eliminated this threat.

There has also been an expectation that incorporation would prevent Montgomery and Harris counties from using eminent domain for road projects within The Woodlands. However, special road legislation relating to Montgomery and Harris counties reserves the rights of Montgomery and Harris counties to eminent domain, whether or not The Woodlands becomes incorporated.

If The Woodlands Township incorporates or does not incorporate, new commercial development brings high costs in associated public services and infrastructure that need to be paid for. Even having the ability to tax nonresident business owners in order to increase public services does not assure less pressure to raise property tax rates since the increase in infrastructure costs due to commercial business development sometimes outpaces commercial tax revenue and needs to be covered by other sources. This may explain why some communities that experience rapid employment growth also experience rising property tax rates.

The establishment of restrictive covenants in The Woodlands Township has been a successful means of regulating land use. Incorporation would still allow The Woodlands to maintain its restrictive covenants, which would continue to be enforced if they are more restrictive than any zoning established by the city.

In Texas, in the case of conflict when covenants and zoning ordinances are imposed on the same time, the more restrictive of the two prevails.

## Findings

The principal findings of this report are:

Much of the suburban population (34 percent) in US metropolitan areas lives in *unincorporated* areas, like The Woodlands Township. Somewhat more of the suburban population (37 percent) lives in incorporated cities or municipalities. The balance of the population (29 percent) lives in historical core municipalities, such as Houston (Section 1.1).

Many suburban incorporations have been defensive --- to prevent another municipality (often a historical core municipality) from annexing the area without the consent of the residents. Recently enacted Texas legislation prevents annexations in counties with 500,000 or more residents without a positive vote of residents. As a result, The Woodlands cannot be subject to an annexation without approval by residents in an election (Section 3.1 and Appendix: Local Governance in Post-World War II Suburban Areas).

There have been a number of incorporations of larger cities like The Woodlands around the nation since 2000. Most have been defensive, with a major driver being to avoid being annexed into already existing cities. In other cases, a principal driver has been an interest in transferring control of public services to new cities from county governments. In some cases, the newly incorporated municipalities have experienced higher taxes or expenditures than projected. Finally, incorporation initiatives or other plans adopted by The Woodlands Township Board of Directors would not be binding on the new city council, which would be free to adopt its own programs.

Some suburban communities have *unincorporated* governance systems, with augmented powers, but remain under county governance for some services. These include three communities similar to The Woodlands Township (Columbia, MD, Reston, VA and Highlands Ranch, CO), as well as the civil townships principally in the Northeast and Midwest, and newer approaches in Utah and Nevada.

# Issues Relating to the Potential Municipal Incorporation of The Woodlands Township

## Part 1: The Woodlands in Context

The Woodlands Township Board of Directors has placed the issue of municipal incorporation on the November 2021 ballot. This report examines local governance in the national context, with descriptions of recent incorporations and alternatives used in other states.

This section describes the history of The Woodlands Township in the context of local governance in the United States in the post-World War II period.

### 1.1: Background: The Suburban Challenge

In the middle of the 20th century, there was considerable interest in developing new communities (new towns) that were alternatives to the suburban areas largely composed of continuous, smaller subdivisions that were not master planned. These new communities were to be composed of villages or neighborhoods in a cellular structure also referred to as the “village concept.”<sup>1</sup> Separated by green space or green belts, the villages and neighborhoods were to be furnished with complete retail and health services so residents would tend to work in the community rather than commuting to the outside (self-sufficiency). There were few new communities that achieved their visions, but this small group of successful communities notably included The Woodlands, which has since become The Woodlands Township.

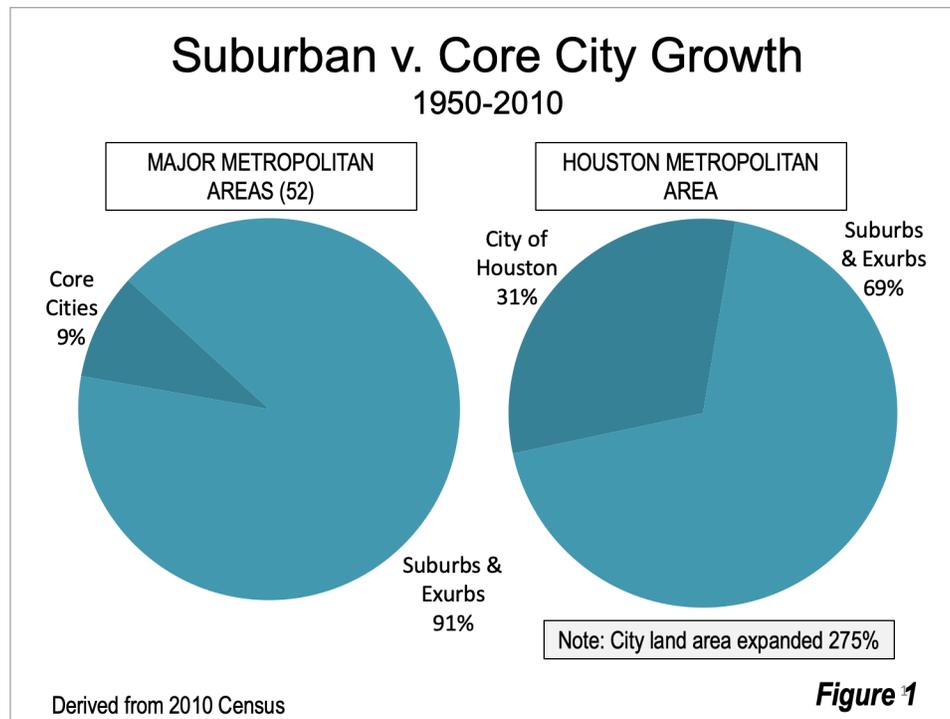
The Woodlands story is part of the unprecedented urbanization of the United States since World War II. Nearly all population growth has occurred in urban areas, with little growth in rural areas. The declining average persons per households over the period has led to an even larger increase in housing units, which have increased at a nearly two-thirds higher rate than the overall population.

The vast majority of this population and household growth has been in suburban areas, which has accounted for 91 percent of growth in our largest 52 metropolitan areas. In Houston, 69 percent of the growth has been in the suburbs (Figure 1).<sup>2</sup>

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1. See Ann Forsyth (2005), *Reforming Suburbia: The Planned Communities of Irvine, Columbia and The Woodlands* p. 218.

2. Based on present metropolitan area boundaries. Demographia, “Major Metropolitan Area & Core Municipality Population: 1950 & 2010,” <http://demographia.com/db-19502010mmsa.pdf>. Since 1950, the city has expanded its land area by 275 percent, virtually all of the development in this expansion has been suburban in form rather than that of a pre-World War II dense urban core.



There have been annexations by core cities of suburban areas, but incorporation of new cities and county (or civil township) governance of unincorporated areas has been more typical. By 2010, 66 percent of the metropolitan area population lived in incorporated municipalities (including the core cities) and 34 percent remained in unincorporated areas. Among the 259 million residents of U.S. metropolitan areas, more than one-third (87 million) lived in unincorporated areas, outside incorporated municipalities.

This suburban drive has been widely criticized as being unaesthetic, environmentally damaging, racist and a dagger pointed at the heart of our traditional urban centers. To some critics, communities such as The Woodlands, Cinco Ranch Bridgeland, Sienna Plantation and Sugar Land represent everything that is bad about suburban “sprawl,” with leapfrogging development that swallows rural lands and leaves inner-city communities behind.<sup>3</sup> The Grand Parkway (the Mayor Bob Lanier Memorial Parkway), Houston’s outer beltway, is just to the south of The Woodlands, and has been similarly denounced as spurring “sprawling land development” that could hurt both the environment and the core city.<sup>4</sup>

Jay Bookman, an outspoken New Urbanist and *Atlanta Journal-Constitution* columnist, pronounced in 2009 that “the phenomenon of sprawl has passed into history,” becoming the equivalent of “roadkill,” doomed by changing economics and demographics.<sup>5</sup> Another account in the *Daily Mail* suggested the suburbs would end up as the “ghost towns” of the future, as people

3. Snyder, 2005.

4. Crossley, 2009.

5. Bookman, 2009.

departed suburbia for downtown.<sup>6</sup> Carving up the suburban carcass was widely discussed, with some envisioning that suburban three-car garages would be “subdivided into rental units with street front cafés, shops and other local businesses,” while abandoned pools would become skateboard parks.<sup>7</sup>

Yet for all the complaints from urban theorists and planners, people keep voting with their feet for communities like The Woodlands, which provide many of the services and amenities traditionally offered by cities with generally lower taxation and greater citizen access than with larger municipal governments. The growth numbers tell the story, as the suburban domination of national population growth cited above indicates.

## 1.2: George Mitchell’s Vision: The Woodlands

The Woodlands has been in the forefront of what might be considered the New Suburbanism.<sup>8</sup>

One response to the aforementioned challenges lies in making these places more culturally attractive. This has included building new town centers, entertainment venues and shared open spaces, providing for more nearby recreational opportunities.<sup>9</sup> At the same time, as minorities have increasingly moved to the suburbs, many communities have benefited from drawing on a more ethnically diverse population. Only 35 percent of the Houston metropolitan area’s residents are White-Non-Hispanics, while 38 percent are Hispanic. Nearly one in four is foreign born (23 percent), well above the Texas (17 percent) and US (14 percent) average.<sup>10</sup>

Houston and America have many suburban communities, but Woodlands residents know that they are part of something very special. Since the beginning, George Mitchell, founder of The Woodlands, sought to build an imaginative community on the thousands of acres he acquired in the Texas forest outside of Houston.

The son of Greek immigrants, Mitchell had a clear idea of what he wanted to create and was able to see it further along to fruition than most visionaries, since he alone controlled the development in the formative years. The Woodlands today stands as a testament to his vision, one that most residents may want to keep sacrosanct in the decades to come.

Mitchell was greatly affected by the failures of American cities and concluded that he could not turn their problems around. Instead, he looked to develop his huge parcel, north of Houston, into an environmentally attractive and commercially successful reflection of the dreams of the 1930s New Dealers—a community available to a broad range of income groups.<sup>11</sup>

6. “American suburbs.”

7. Arieff, 2009.

8. [http://www.csun.edu/~rdavids/350fall08/350readings/Kotkin\\_The\\_New\\_Suburbanism.pdf](http://www.csun.edu/~rdavids/350fall08/350readings/Kotkin_The_New_Suburbanism.pdf).

9. Binkovitz, 2015.

10. Census Reporter, “Houston-The Woodlands-Sugarland Metropolitan Area, 2019,”

<https://censusreporter.org/profiles/31000US26420-houston-the-woodlands-sugar-land-tx-metro-area/> and Census Reporter, “Texas, 2019,” <https://censusreporter.org/profiles/04000US48-texas/>

11. Roger Galatas with Jim Barlow, *The Woodlands The Inside Story of Creating a Better Hometown*, Urban Land Institute, (Washington,DC: 2004), pp.3-10.

Mitchell was not interested in simply building housing; he sought to build a self-sufficient community. According to Roger Galatas, a close associate and former CEO of The Woodlands Operating Company, Mitchell “wanted people to live and work in The Woodlands.” To exemplify, his original plans contained a “business crescent” designed to attract a broad range of enterprises.

Galatas believed that the atmosphere in The Woodlands lures business and entrepreneurs. “The quality of life has been what has brought business to the area,” he suggested. “Good public places, good schools, a good quality of life. It’s a place where you can grow but feel you are in a protected environment.”<sup>12</sup>

Today, The Woodlands has a population of 117,000 people and has emerged as a commercial hub and “principal city” of the Houston metropolitan area (below). The township has nearly 72,000 jobs<sup>13</sup>. At the same time, the area retains much of its natural amenity as a water-rich forested area – thus its name – and its surprisingly rustic feel.

In many ways, The Woodlands represents a model for future generations. Not only has the community been successful economically, but it has also thrived with a strong web of religious and civic organizations, as well as a powerful sense of its own identity, distinct from the surrounding metropolis. A thirty-year resident put it succinctly, “If you live here for a while, you don’t think of yourself just as a resident of a part of Houston. You say you’re from The Woodlands.”<sup>14</sup>

The Woodlands was to become a unique success as a federally designated new community.

### **1.21: New Communities: The National Context**

In the middle of the 20<sup>th</sup> century, there was considerable interest in developing new communities (new towns) largely composed of continuous, smaller subdivisions as an alternative to suburban areas.

The new community vision in the United States was summarized in 1976:

There is general agreement that new community plans should include a variety of land uses so that provision is made for most of the necessities of urban life. That is, rather than depending on the surrounding region for employment opportunities and services, the new community should be as self-sufficient as possible. Self-sufficiency is attained through size. The community must be large enough to support complex service systems and maintain balance, by consciously setting aside land for industrial, commercial, public, recreational and institutional functions that are appropriate to the expected population.<sup>15</sup>

There was great hope for new communities. In the late 1960s, the National Committee on Urban Growth Policy recommended building 100 new communities of 100,000 residents each and 10

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12. Interview with author and Colin Drukker, planning Center.

13. American Community Survey, 2019.

14. Interview with author and Colin Drukker, Planning Center.

15. Raymond J. Burby, III and Shirley F. Weiss (1976), *New Communities: U.S.A.*, Lexington Books.

new towns of 1,000,000 residents.<sup>16</sup> In the end, few were built, including four discussed in this report (The Woodlands, TX; Columbia, MD; Reston, VA; and Highlands Ranch, CO), as well as Irvine, CA.<sup>17</sup> None of the proposed million population new communities were developed. Even so, the few successful new communities had influence on the patterns of suburban development that continues to this day.

In the United States, the new communities were generally composed of villages or neighborhoods with complete retail and health services, separated by green space or green belts; people would tend to work in the community rather than commuting to the outside (self-sufficiency).<sup>18</sup> The first of the complete new communities that survived was Columbia, Maryland, which was developed by James Rouse, starting in the early 1960s. Columbia, along with The Woodlands; Reston, Virginia; and Highlands Ranch, Colorado, are often considered among the premier new communities in the United States.

Mitchell, founder of The Woodlands, was significantly influenced by James Rouse, the developer of Columbia, Maryland (Section 3.21). Mitchell and the other visionaries wanted the new communities to be larger developments, rather than the smaller subdivision developments that are more characteristic of suburbs in the United States.<sup>19</sup> They wanted to create communities with villages, separated by green belts, with generous amounts of open space (the “village concept”).

For Mitchell, there were goals to “maintain forest preserves along major roadways” and “maintain the greenbelts along the natural streams” as well as establishing “a ‘complete’ community with a major employment center where one can ‘live, work, play and learn.’”<sup>20</sup>

Urban planners have favorably reviewed The Woodlands and other new communities. An evaluation by Ann Forsyth at the University of Minnesota noted that The Woodlands (as well as Columbia, Maryland<sup>21</sup> and Irvine, California<sup>22</sup>) conform to the “smart growth” and “new urbanist” design practices that are generally favored in urban planning, exhibiting “cutting-edge planning and design strategies.”<sup>23</sup> This is despite their suburban locations.

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16. Forsyth, p. 36.

17. Among these, only Reston failed to achieve a population of 100,000 or more.

18. The new communities differ from other master planned communities in their goal of self-sufficiency with respect to residential commuting. Other master planned communities do not attempt to provide sufficient jobs for residents’ employees.

19. As well as in other countries, especially Canada, Australia and New Zealand.

20. Robert Heinemann, “George Mitchell’s Vision for The Woodlands,” <https://www.thewoodlandstownship-tx.gov/DocumentCenter/View/4125/George-Mitchells-Vision-for-The-Woodlands?bidId=>

21. See below.

22. Irvine (Irvine Ranch), in the Los Angeles metropolitan area (Orange County) is a new community similar to The Woodlands and the three new communities (Columbia, Reston and Highlands Ranch). Irvine was incorporated early (1971), just after the 1970 census had shown a population of 10,000. By 2018, the population was 275,000 and Irvine had become a major employment center, with a job to resident worker ratio of 2.14, indicating that there are more than twice as many jobs as residents. Among resident workers, 45 percent have jobs in Irvine (American Community Survey 2013-2017).

23. Forsythe, 2005, pp. 3 and 269.

The ideal of self-sufficiency was not achieved, however, a criticism widely agreed upon by urban planners who considered this an important justification for the new communities. George Mitchell shared this vision. This result is not surprising, since the new communities were established within metropolitan areas that are far larger labor markets with greater employment opportunities. In a labor market, resident workers have a far larger market of employment to choose from and will tend to take the jobs that best meet their requirements throughout the metropolitan area with commuting distance being only one factor. Yet, The Woodlands—like some other successful new communities (Columbia, Reston and Irvine) —has achieved substantially more jobs than resident workers, which offers many residents the option of working closer to home.<sup>24</sup>

Self-sufficiency would have required building the new communities far from existing labor markets so that resident employees would not be enticed into commuting to the outside. This would have made an already risky investment even riskier. Each of the new communities faced considerable financial difficulty, at least at times.<sup>25</sup>

A federal program, the Urban Growth and New Development Act of 1970, which designated 13 new communities and provided financial support, was far from successful. *All* of the other new communities defaulted on their obligations; only one did not default: The Woodlands.<sup>26</sup> This underscores the unique success of The Woodlands. Columbia and Reston were not among the 13 new communities but relied nearly exclusively on private financing.

## 1.22: The Woodlands: Today

The Woodlands Township is a special district government under Texas state law that provides local services to its 117,000 residents.<sup>27</sup> It is not a city or a municipality. The Woodlands is located 27 miles north of downtown Houston, on Interstate 45, just north of the junction with the Hardy Toll Road and north of the Grand Central Parkway (Texas state route 99).

The Census Bureau classifies The Woodlands as a “census designated place” (CDP), which is a community in an unincorporated area with a “concentration of population, housing and commercial structures, identifiable by name.”<sup>28</sup> The Woodlands CDP has a land area of 44 square miles. The population density is approximately 2,500 per square mile, slightly below the major metropolitan area suburban average of 2,600 per square mile and 2,500 for the suburbs of the Houston urban area.<sup>29</sup>

24. Other new communities have favorable jobs to resident worker ratios, such as Columbia, Reston and Irvine. According to the American Community Survey, 2013-2017, 37 percent of employed residents in The Woodlands Township also work in the Township.

25. Forsyth, 2005.

26. Forsyth, 2005, p. 11.

27. American Community Survey, 2019.

28. Michael Radcliffe, “Understanding Place in Census Bureau Products,” United States Census Bureau, <https://www.census.gov/content/dam/Census/data/developers/understandingplace.pdf>

29. Major metropolitan area (over 1,000,000 population) suburban densities in 2010 varied from 1,200 in Charlotte to 6,400 in Los Angeles (New York’s suburban density is 3,200, less than half that of Los Angeles). See: “Major Urban Areas 2010 (Largest Urban Areas in Metropolitan Areas Over 1,000,000),” <http://demographia.com/db-uzajuris.pdf>.

In fulfillment of Mitchell's vision, The Woodlands was created with villages, separated by greenbelts. This is one of the most evident differences from the more typical subdivision development that characterizes most suburban areas.

The Woodlands has 3,000 acres (nearly five square miles) of parks and green space. This is nearly double that of similar cities compared in a benchmarking report by Novak Consulting Group commissioned by the Township.<sup>30</sup>

The Woodlands has emerged as a major employment center. The Census Bureau's American Community Survey estimated the number of jobs in The Woodlands at approximately 72,000, with a job to resident worker ratio of 1.33. This indicates that The Woodlands has 33 percent more jobs than there are employed people living in the community. Even with this abundance of jobs, only 40 percent of resident employees work in The Woodlands, while 60 percent work elsewhere.<sup>31</sup>

The Woodlands has been particularly successful and true to Mitchell's vision in its development of employment. Largely due to its strong concentration of employment, The Woodlands is a principal city<sup>32</sup> of the Houston metropolitan area, the second named place (municipality or census designated place) in the formal name (Houston-The Woodlands-Sugar Land metropolitan area). It is one of five principal cities in the metropolitan area, the others being Houston, Sugar Land, Conroe and Baytown. Principal cities other than the largest municipality in a metropolitan area with between 50,000 and 250,000 residents (such as The Woodlands) qualify as principal cities by having more jobs than resident employees.

In recent decades, commercial development and jobs have been decentralized in the nation's major metropolitan areas almost to the same extent that the population has been suburbanized. One of the principal trends has been the development of what might be called suburban downtowns, called "edge cities." Overall, the Houston metropolitan area has been an international leader in the development of "edge cities," a trend that has continued to shape the future of metropolitan life. In this respect, The Woodlands and its governance system are on the cutting edge of urban development.<sup>33</sup> In his book *Edge City: Life on the New Frontier*,<sup>34</sup> author Joel Garreau showed nearly

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30. Novak Consulting Group, *Benchmarking Review*, <https://www.thewoodlandsincorporationstudy.com/2856/documents/3582>.

31. Derived from American Community Survey, 2019.

32. The Office of Management and Budget (OMB), which defines metropolitan areas and replaced the term "central city" with "principal city," which includes the former historical core municipalities (such as the city of Houston) and approximately 160 additional cities. The adoption of principal city terminology recognized that metropolitan areas were no longer monocentric, but had become polycentric. OMB specifically rejected the use of geographical terms other than "principal city" within metropolitan areas, including "suburb." Indeed, the very employment of polycentricity that justified abandonment of the central city designation was the *suburbanization* of employment. (See: <https://www.census.gov/population/metro/files/00-20951.txt>).

33. Matt Rosenberg (March 1, 2019), "An Overview of the Edge City Theory," Thought.co, <https://www.thoughtco.com/edge-city-1435778>.

34. Joel Garreau (1992), *Edge City: Life on the New Frontier*, <https://www.penguinrandomhouse.com/books/58428/edge-city-by-joel-garreau/9780385424349/>.

three decades ago that suburban office centers had sprung up principally around U.S. metropolitan areas (but which have now spread widely around the world). According to Garreau, an edge city would have 5 million square feet (or more) of office space and would be located along one or more major highways. In some cases, edge cities rivaled or exceeded the influence of the older, more traditional downtown areas.

The Woodlands, like most of the other new communities, has been a leader in the development of edge cities, creating the balance of employment opportunities consistent with Mitchell's vision and that of the new community movement. Houston edge cities include such examples as Uptown (Galleria), the Texas Medical Center-Rice University area, the Energy Corridor, Greenway Plaza as well as The Woodlands and others. Despite these employment concentrations, more than 70 percent of Houston metropolitan area employment is dispersed outside of the edge cities and downtown.<sup>35</sup>

### 1.23: The Woodlands Governance Model

Much of the success of The Woodlands has to do with the structure of its governance, which is controlled by its residents through The Woodlands Township despite not being an incorporated city. There is a high degree of community activism by local residents, most notably by the primarily volunteer organization Interfaith. This non-profit, largely volunteer social service organization provides social services to community residents.<sup>36</sup> The organization has been active helping underprivileged families, particularly children, and runs a health clinic as well.

This idea of self-governance reflects a basic element of Texas' continuing success. Houston may be a uniquely "self-organizing city," in the words of Rice University's Lars Lerup, which is a reality deeply offensive to many planners and retro-urbanists but highly successful in practice.<sup>37</sup> Of course, different communities have been governed differently, with virtually all following a limited government model, using contractors and seeking to keep costs to a minimum.

Land use is governed in The Woodlands by covenants and standards (deed restrictions), as opposed to zoning. Similar arrangements are in place in other new communities, such as Columbia, MD; Reston, VA; and Highlands Ranch, CO, which are described below (Section 3.21). All these new communities were led by visionaries like Bob Simon (Reston), Rouse (Columbia), the Mission Viejo company (Highlands Ranch) and, of course, The Woodlands.

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35. Bumsoo Lee and Peter Gordon (2007), "Urban Spatial Structure and Economic Growth in US Metropolitan Areas," [https://lusk.usc.edu/sites/default/files/working\\_papers/wp\\_2007-1001.pdf](https://lusk.usc.edu/sites/default/files/working_papers/wp_2007-1001.pdf).

36. <https://woodlandsinterfaith.org/>.

37. Lerup, 2011, p. 263.

## Part 2: Incorporation Issues

Various issues relating to the proposed incorporation are discussed below.

### 2.1: Threat of Forced Annexation

There has been widespread concern that The Woodlands must incorporate to avoid forced annexation by cities such as Houston and Conroe, exercising their extraterritorial authority. Thus, The Woodlands Township, according to this view, needs to incorporate as a strategy against annexation. As is noted above, defensive incorporations have frequently occurred in the United States. Such a threat is indicated in the Novak Consulting Group “Incorporation – Pros and Cons” memorandum to the Board of Directors.<sup>38</sup>

However, a series of events have reduced and now virtually eliminated the threat.

In 2007, The Woodlands Township was established under state law as a special district. Under the law, The Woodlands Township was able to execute Regional Partnership Agreements with the cities of Houston and Conroe, forbidding forced annexation through 2057.

More importantly, the threat of forced annexation was eliminated by the passage of Senate Bill 6, enacted in 2017. Senate Bill 6 forbids annexation of areas in Tier 2 counties (such as Harris and Montgomery counties)<sup>39</sup> from annexing without a positive vote of the residents in the area proposed for annexation.

This is explained in a letter from Texas State Representative Dan Huberty in response to a letter from The Woodlands resident Steven P. Leaky, dated July 15, 2019.<sup>40</sup>

*Thank you for your inquiry regarding the potential for The Woodlands to be annexed against the will of its residents by the City of Houston or the City of Conroe. I am pleased to inform you that recent laws passed by the Texas Legislature have put an end to forced annexation, which means no community in Texas, including The Woodlands, can be forcibly annexed without the approval of its residents today or in the future.*

*Furthermore, the Regional Participation Agreements between The Woodlands and the City of Houston and the City of Conroe in no way commit The Woodlands to becoming a part of either city when they expire in 2057. Any attempt by these cities to annex The Woodlands would require the approval of a majority of Woodlands voters, in keeping with Texas law.*

Representative Huberty's letter summarizes the effect of two bills, which he sponsored and were enacted into law.<sup>41</sup> He concludes: “Thanks to these laws, no community in Texas, including The Woodlands, may be annexed without approval at the ballot box by a majority of that community's

38. Novak Consulting Group (April 24, 2019), “Incorporation – Pros and Cons.” To the Board of Directors.

39. The law applies to counties with more than 500,000 residents.

40. Dan Huberty, Member Texas House of Representatives, July 15, 2019 letter to Mr. Steven P. Leakey.

41. Senate Bill 6, signed by the Governor on December 1, 2017 and House Bill 347, signed by the Governor on May 24, 2019.

registered voters.” Representative Huberty further stresses the point in a July 24, 2019 letter:<sup>42</sup> “Therefore, any possible discussion about annexation must follow the law, which requires the voters having the right to vote, it ***cannot be a forced annexation.***” (Emphasis added.)

In a June 25, 2019 memorandum<sup>43</sup> to The Woodlands Township Board of Directors, The Woodlands resident, former federal prosecutor and associate Attorney General of the United States Amy Lecocq quoted provisions of Senate Bill 6 that apply in “Tier 2 municipal annexations.” Tier 2 municipal annexations are defined in the law as involving counties with more than 500,000 residents. Both Montgomery and Harris counties meet this population criteria.

***Sec. 43.0691. AUTHORITY TO ANNEX. Authorizes a municipality to annex an area with a population of 200 or more only if the following conditions are met, as applicable:***

***(1) the municipality holds an election in the area proposed to be annexed at which the qualified voters of the area may vote on the question of the annexation and a majority of the votes received at the election approve the annexation; and (emphasis added)***

***(2) if the registered voters of the area do not own more than 50 percent of the land in the area, the municipality obtains consent to annex the area through a petition signed by more than 50 percent of the owners of land in the area.***

Ms. Lecocq concludes:

***Following the expiration of the RPA in 2057 (38 years from the date of this letter), S.B. 6, and H.B. 347, will provide security and act as powerful tools for residents to combat any threat of forcible annexation of The Woodlands Township by any surrounding municipality at any time. Nothing in the RPA would force annexation of The Woodlands Township without its consent or otherwise serve to thwart the stringent requirements contained within the Texas Local Government Code.***

## **2.2: Control of Roads**

An expectation has also been voiced that incorporation would protect The Woodlands against the use of eminent domain by Harris County or Montgomery County to build or expand roads within the jurisdiction of the new city. In particular, it has been suggested that incorporation would have prevented the county from proceeding with The Woodlands Parkway extension, a project strongly opposed by many in The Woodlands before it was removed from consideration by the Montgomery County Commissioners Court. This is based on an understanding that state law requires city agreement for a county to proceed with eminent domain on roads within its corporate limits.

However, an August 15, 2019 memorandum from attorney and The Woodlands resident William R. Buck to The Woodlands Township Board of Directors concludes that under the Harris County

42. Dan Huberty, Member Texas House of Representatives, July 24, 2019 letter to Mr. Steven P. Leakey.

43. Memorandum from Amy M. Lecocq to The Woodlands Township Board of Directors, June 25, 2019.

[https://87d09528-95d0-4c6f-94f3-8c45c376de3d.filesusr.com/ugd/a4252b\\_b5eef774c4804f-72b6a9481059bfa775.pdf?index=true](https://87d09528-95d0-4c6f-94f3-8c45c376de3d.filesusr.com/ugd/a4252b_b5eef774c4804f-72b6a9481059bfa775.pdf?index=true)

Road Law and the Montgomery County Road Law,<sup>44</sup> both counties would retain authority over county roads within The Woodlands even *after* incorporation. Mr. Buck notes that "...both Road Laws specifically provide that in the event of a conflict with the General Law, the specific County law will prevail. The Court in *City of Piney Point Village v. Harris County* confirmed this construction in connection with the Harris County Road Law." The right of eminent domain by Harris County within an incorporated city was upheld in this case.

This means that incorporation would not preclude eminent domain by the two counties with respect to roads in a new city of The Woodlands.

### 2.3: Does Commercial Development Raise Taxes?

Community planners and development officials tended to encourage commercial development not only because it promised to increase employment, but also because they believed it would increase the tax base, drawing new taxes from nonresident business owners to the benefit of community residents.<sup>45</sup>

The property tax is often the most important source of revenue for municipalities. This is typically because municipalities can control their property tax rate but have less control over other sources of revenue like state aid, federal aid and fines. Over the past 100 years, property tax revenue as a share of all local revenue has declined from 73.1 to 27.6 percent in 2007.<sup>46</sup> From 1902 to the present, the share of local revenue provided by state and federal governments rose from 6.6 to 37.9 percent, a dramatic increase.<sup>47</sup>

Charles Tiebout's model,<sup>48</sup> as it is now known, states that individuals will move from one municipality to another based upon which municipality has a tax rate and service level that appeals to that individual. This is now known as "voting with your feet."

The phenomena described by Coombs et al.<sup>49</sup> whereby any increase in the property tax rate is reflected in the property values and ultimately the property assessment, commercial development has to be implemented carefully, as has been done under the current Woodlands system. Political pressures to reduce tax burdens in the short run represent one of the problems associated with municipal government.<sup>50</sup> Again, as shown above, the current system in The Woodlands has managed to both promote job creation and keep property taxes low.<sup>51</sup>

44. William R. Buck, Memorandum (August 15, 2019) to "The Woodlands Township Board of Directors and Other Interested Parties," Subject: County Authority Over Roads within County.

45. William Oakland; Testa, William. "Does business development raise taxes?" Federal Reserve Bank of Chicago, Economic Perspectives, March-April 1995.

46. J.R. Bartle; Kriz, K.A.; Morozov B. "Local government revenue structure," *Journal of public budgeting, accounting and financial management*, 23(2), 268-287, 2011.

47. Bartle et al., 2011, p. 272.

48. C. M. Tiebout, (1956). A pure theory of local expenditures. *Journal of Political Economy*, 64(5), 416-424.

49. C. K. Coombs, Sarafoglou, N., & Crosby, W. Property taxation, capitalization, and the economic implications of raising property taxes. *International Advances in Economic Research*, 18(2), 151-161, 2012.

50. Ihlanfeldt (2012), p. 27.

51. Arthur Nelson; Moody, Mitch. "Paying for Prosperity, Impact Feed and Jog Growth," The Brookings Institution Center on Urban and Metropolitan Policy," June 2003.

## 2.4: Maintaining Restrictive Covenants

The establishment of restrictive covenants by The Woodlands Township has been a successful means of regulating land use. The Woodlands' restrictive covenants have been proven useful through the years in protecting the residents' home values.

Incorporation by the city would still allow The Woodlands to maintain its restrictive covenants, which would continue to be enforced if they are more restrictive than any zoning established by the city. In Texas, in the case of conflict when covenants and zoning ordinances are imposed on the same time, the more restrictive of the two prevails.

## 2.5: Potential for More Efficient and Effective City Operation

One of the most important considerations for voters in an incorporation election will be the potential for the new city to operate efficiently and effectively.

### National Municipal Finance Trends

There are significant variations in per capita taxes and spending between cities of similar population. This is illustrated by the recent "Truth in Accounting" report for 2017, which estimated the net financial position of 75 most populous municipalities in the nation.<sup>52</sup> A per capita "Taxpayer Burden" or "Taxpayer Surplus" was calculated for each city. Twelve cities had "Taxpayer Surpluses," with the highest at \$4,400 per capita. The other 63 cities had "Taxpayer Burdens," which reached a theoretical bill of \$64,100 per capita.<sup>53</sup>

Some, though not all of these differences, are the result of better management and innovative strategies that can deliver higher levels of public service of high quality with lower taxes.

### Labor Costs, Pensions and City Fiscal Crises

The largest expenditure item for municipalities tends to be labor costs, which includes wages and salaries as well as paid benefits. These costs are equal to more than half of state and local government expenditures.<sup>54</sup> Moreover, some cities have developed substantial unfunded employee retirement obligations from pensions and other post-employment benefits (OPEB). This is a problem, even in a state perceived to maintain healthy government finances. For example, a Truth in Accounting report indicates that nine Texas cities (Houston, San Antonio, Dallas, Austin, Fort Worth, El Paso, Arlington, Corpus Christi and Plano) had unfunded retirement obligations that in 2017, ranged from \$100 million to \$7.8 billion.<sup>55</sup> Houston Controller Chris B. Brown re-

52. Truth in Accounting (2019), *Financial State of the Cities*, <https://www.truthinaccounting.org/library/doclib/2019-Financial-State-of-the-Cities-Report--1.pdf>.

53. The purpose of this analysis is not to endorse the calculation method, but rather to illustrate the differences that can occur in municipal financial results.

54. Estimated from Census Government Finance 2016 data and U.S. Department of Commerce Bureau of Economic Analysis Gross Domestic Product Table 6.2D.

55. Truth in Accounting, 2019.

cently said of retiree benefits, "it's clear that the approach to addressing the unfunded liability is unsustainable."<sup>56</sup>

Nationally, employer paid benefits by local governments are more than 2.25 times the ratio to wages in state and local government as in the private sector and 80 percent higher than in the unionized manufacturing sector.<sup>57</sup>

Fiscal crises have been frequent among the nation's cities in recent years. Cities as diverse as New York, Los Angeles,<sup>58</sup> San Diego, San Jose, Harrisburg, PA, Birmingham, Detroit, Pittsburgh, Buffalo, San Bernardino, Stockton and many others have faced fiscal distress in recent years and even serious fiscal crises. Pension and retiree benefits have often been the proximate cause, along with a failure to sufficiently control expenditures.

Some of the newly incorporated cities have established defined contribution retirement programs, which predominate in the private sector. Examples are Sandy Springs, Dunwoody and Brookhaven, GA as well as Centennial, CO. The Highlands Ranch Metro District (CO) also has a defined contribution retirement program. Defined contribution retirement programs contrast with defined benefit retirement programs retirement that can lead to unfunded deficits and are typical of many governments.

### **Contracting for Services**

One particularly useful tool for keeping expenses low has been contracting for services. Contracting may include purchasing services from another public jurisdiction (such as a county sheriff's department for law enforcement), or competitive contracting, through which services are purchased from the private sector.

Competitive contracting is a process by which governments seek competitive bids from private and even public service delivery firms for a specific quality and volume of public service and a specific period of time. By defining and administering service levels, standards and contracts that are applied to contractors, the government retains policy control. This is different from privatization, in which government withdraws from providing a service and leaves it to the private (competitive) market. The winning competitor is granted a contract for a specified period of time, after which new bids are sought for the next period.

According to Baruch College (CUNY) government service delivery specialist E. S. Savas, the objective of competitive contracting "should be to minimize the cost of delivering a given quantity and quality of service."<sup>59</sup> Competitive contracting, appropriately designed and administered, has been shown to reduce government costs. Competitive contracting provides relief in labor costs, which

56. Chris R. Brown, City Controller, *City of Houston, City of Houston Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2018*, p.xii.

57. Estimated from U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Table 6.2D.

58. Editorial (November 6, 2018), " 'Big 3' U.S. Cities Facing Fiscal Crisis As Unpayable Retiree Benefit Debts Soar," <https://www.investors.com/politics/editorials/big-3-u-s-cities-facing-fiscal-crisis/>.

59. E. S. Savas (2000), *Privatization and Public Private Partnerships*, Chatham House Publishers, p. 183.

are so important in municipal finance (above). Contractors rely on the market to establish wages and salaries, and they compete to minimize staffing levels, while meeting contract requirements. One of the most important advantages that competitive contracting avoids is substantially eliminating pension and other retirement benefits that have made it so difficult to sustain municipal finances. These become the responsibility of the contractors.<sup>60</sup> Consistent with these objectives, The Woodlands Township competitively contracts for some services, such as park operations, street lighting, streetscape maintenance and solid waste management.<sup>61</sup>

## Part 3: Recent Incorporations and Other Public Service Approaches

This section provides information on recent municipal incorporations and on alternatives that provide augmented local government services in unincorporated areas.

### 3.1: Recent Incorporation Experience

The experience of incorporations is mixed. In some cases, the new city has become more costly than anticipated. Some others have managed to incorporate greater efficiency, using competitive contractors to perform more services.

Sandy Springs contracts for much of its public services (Section 3.11), similar to The Woodlands. According to the Sandy Springs 2017 CAFR: “Deploying a non-traditional approach to government services, the City operates as one of the largest public-private partnerships in the country. The City provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. All services outside of public safety and the City Manager’s executive staff are outsourced.”<sup>62</sup>

Other newly incorporated cities have contracted extensively, such as Centennial, Colorado; Brookhaven, Georgia; Dunwoody, Georgia; Jarupa Valley, California; and Rancho Cordova, California.

But in some cases, incorporation has led to higher expenditures than anticipated. Centennial, which was incorporated in 2001, has a population of 110,000 and 65,000 jobs. When proposed to the public, incorporation proponents claimed that the City of Centennial would have a city sales tax rate of 1.5 percent. However, revenues fell short of projections. The sales tax rate was raised by two-thirds at the beginning of 2004 (to 2.5 percent).<sup>63</sup> The Centennial case illustrates the potential for tax projections to be inaccurate, which can lead to substantially higher taxes.

60. See Savas (2000) pp. 174-210 and David Osborne and Ted Gaebler (1993), *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, pp. 343-347.

61. The Woodlands Township, *Comprehensive Annual Financial Report*, Year ended December 31, 2019.

62. City of Sandy Springs, *Comprehensive Annual Financial Analysis*, 2017.

63. Kevin Weinman (2017), “Invisible Suburbs: Privatized Growth in Suburban Metropolitan Denver, 1950-2000,” Doctoral Dissertation, University of New Hampshire, Durham, pp. 297-298. <https://scholars.unh.edu/cgi/viewcontent.cgi?article=1156&context=dissertation>.

Jarupa Valley, California encountered a fiscal problem immediately after incorporation so severe that disincorporation was considered.<sup>64</sup> The problem was caused by a change in state law that reduced funding to the city but was later solved by a state bailout that provided enough money for the city to continue.<sup>65</sup> This indicates the potential for revenues to be lower than proponents of incorporation project.

After incorporation, when Dunwoody, Georgia established its own police department, the cost was nearly three times the projected amount.<sup>66</sup> This illustrates the potential for new city costs to be substantially higher than projected.

Spokane Valley, Washington, incorporated to avoid annexation in 2003. Incorporation had been opposed by many in the community but passed with 51 percent of the vote. Following incorporation, there was a sustained, unsuccessful campaign to disincorporate the city, which is very difficult under Washington law. This suggests that a new city is likely to be more successful if a strong consensus is evident in the incorporation election.<sup>67</sup>

As is indicated above, some newly incorporated municipalities have experienced higher taxes or expenditures than projected.

In considering incorporation, voters need to understand that projections and promises may not be achieved, leaving residents worse off than they had anticipated.

### 3.2: Unincorporated Public Service Approaches

This section describes the multiple approaches that have been taken in other parts of the nation as communities have sought to preserve more informal governance structures or avoid incorporation (or annexation). It is not suggested that any of these approaches is available to The Woodlands. The purpose of this discussion is to highlight the fact that for many communities, incorporation is not perceived as a natural evolution from unincorporated status. In each case, these structures are more akin to that of The Woodlands Township.

A number of unincorporated communities have avoided incorporation by employing other strategies to increase (augment) public services.

Significantly, these include a handful of the most successful models of planned new communities and reflect to a great degree the experience of a visionary community like The Woodlands.

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64. KPCC (January 12, 2014), "California's Newest City Could Cease to Exist Over Budget Woes," <https://www.scpr.org/news/2014/01/12/41532/california-s-youngest-city-jarupa-valley-could-cea/>.

65. California State Senator Richard Roth (September 25, 2015), "Jarupa Valley: City Says it will Survive After All," <https://sd31.senate.ca.gov/news/2015-09-29-jarupa-valley-city-says-it-will-survive-after-all>.

66. April Hunt (September 9, 2010), "Dunwoody, How New City is Finding its Way," *Atlanta-Journal Constitution*, <https://www.ajc.com/news/local/dunwoody-how-new-city-finding-its-way/nBeQBYTmQX2JCgz6yjP2RO/>.

67. Jim Camden (September 5, 2009), "Disincorporation bid goes by the wayside," *The Spokesman Review*, <http://www.spokesman.com/stories/2009/sep/05/disincorporation-bid-goes-by-the-wayside/>.

### 3.21: Planned Communities Similar to The Woodlands

Three “new communities” are described that have remained in unincorporated county territory and developed augmented governance models that avoid both incorporation into new cities and annexation by other cities (Section 1.3). Each of these communities has implemented structures to provide higher levels of service provided by a county government, augmenting services while avoiding incorporation. In The Woodlands, this was accomplished by establishment as a special district under state law.

The three new communities are remarkably similar to The Woodlands. Each was founded by a visionary who sought to provide a “new community” alternative to the dominant post-War suburban model. Two of these new communities, Columbia and Highlands Ranch, have nearly the same population as The Woodlands. Two, Columbia and Reston, along with The Woodlands, have developed strongly enough to become principal cities in their respective metropolitan areas and have developed sufficient employment to be considered “edge cities.” Each is made up of neighborhoods that are separated by green space, including green belts. Each uses a covenant system, rather than zoning. They each have emerged as strong economic, as well as residential communities.

Unlike The Woodlands, none of these three new communities were among the 13 designated for Federal loan guarantee assistance under the Urban Growth and New Development Act of 1970.

#### **Columbia, Maryland**

Columbia, Maryland, developed by James Rouse, whose example impressed George Mitchell, is an unincorporated new community located in the suburban area between Baltimore and Washington, in the Washington-Baltimore combined metropolitan region.<sup>68</sup> It is located west of Interstate 95, 20 miles south of Baltimore and 30 miles north of Washington. The population was estimated at 103,000 in 2017. There were 78,000 jobs, indicating a job to resident worker ratio of 1.38. This indicates that Columbia is a net importer of commuters from the rest of the Washington and Baltimore metropolitan areas. Columbia is one of three principal cities in the Baltimore metropolitan area and is listed second in the formal name (Baltimore-Columbia-Towson metropolitan area).

Columbia has a land area of 32 square miles, with a population density of 3,200 per square mile.<sup>69</sup> Consistent with the objective of “self-sufficiency,” Columbia is considered an “edge city” with a developed commercial “town center” and is now home to 12 million square feet of office space.<sup>70</sup>

Columbia was established in the 1960s by real estate developer James Rouse, whose “goals in developing Columbia were to create a place where residents could live and work, to respect the land, to create an environment that would foster the growth of its people and to turn a profit.”

68. The Washington-Baltimore combined statistical area, which includes the Washington and Baltimore metropolitan areas and other smaller metropolitan areas.

69. Data for the census designated place, which may not have exactly the same boundaries as Columbia.

70. “Baltimore Office Market: First Quarter 2019,” Newmark, Knight Frank, <http://www.ngkf.com/Uploads/FileManager/1Q19-Baltimore-Office-Market.pdf>.

In the beginning, some local services were provided by the developer in addition to the services provided by Howard County. The developer services were transitioned to administration by the Columbia Association, a homeowner's organization. The Columbia Association maintains 3,600 acres (six square miles) of parks and open space.<sup>71</sup> It also provides recreational functions. Funding is obtained through fees on homes and properties. This model is similar to that of The Woodlands Township and Montgomery County.

Consistent with the village concept, Columbia is composed of 10 villages, which are administered by separately incorporated community associations. The community association receives funding from the Columbia Association to finance their functions.

Like The Woodlands, Columbia uses covenants rather than zoning for land use control. These are administered by the Columbia Association.

There has been limited interest in incorporation over the nearly five decades of Columbia, but residents have chosen to retain unincorporated governance, supplemented by services from the Columbia Association.

### **Reston, Virginia**

Reston, Virginia is an unincorporated new community in the suburbs near Dulles International Airport, 22 miles from Washington. The Dulles Toll Road/Virginia state highways 267 bisect the community. The population was estimated at 60,000 in 2017. There were 78,000 jobs, indicating a job to resident worker ratio of 1.91. This indicates that Reston is a net importer of commuters from the rest of the Washington and Baltimore metropolitan areas. Its strong jobs base qualifies Reston as one of nine principal cities in the Washington metropolitan area. Reston has developed a commercial town center with 19 million square feet of office space.<sup>72</sup>

Reston is a census designated place and has a land area of 15 square miles, with a population density of 3,900 per square mile.<sup>73</sup>

Reston was established in the 1960s by real estate developer, Robert E. Simon, Jr. An Urban Land Institute article summarized his vision for Reston: "Simon's goal was to create a self-contained<sup>74</sup> community where residents could live, work and play in the same neighborhood, cutting down on long commutes and extending the time they spent with their families."<sup>75</sup>

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71. "CA Open Space, Parks and Recreation," Columbia Association, <https://www.columbiaassociation.org/about-us/ca-open-spaceparks-recreation/>.

72. Colliers (2019), "Northern Virginia Office Market Q4 2018, <https://www2.colliers.com/-/media/Files/UnitedStates/Markets/District-of-Columbia/Research/2018Q4OfficeNovaColliers.ashx>.

73. Data for the census designated place, which may not have exactly the same boundaries as Reston.

74. Self-sufficient.

75. Archana Pyati (September 23, 2015), "Reston Founder and Visionary Developer Robert E. Simon Jr. Has Passed," *Urban Land*, <https://urbanland.uli.org/inside-uli/reston-founder-visionary-developer-robert-e-simon-jr-passed/>.

Some local services were provided in the early years by the developer in addition to the services provided by Fairfax County. The developer services were transitioned to administration by the Reston Association, a homeowner's organization. The Reston Association provides and maintains parks, open space and recreational functions. Reston Association funding is obtained through fees on homes and property. These governance arrangements are similar to those between The Woodlands Township and Montgomery County

Consistent with the village concept, Reston is composed of more than 100 clusters (neighborhoods), which have separately incorporated community associations.<sup>76</sup> The community associations finance their functions with their own fees on homeowners.

The Reston Association owns and maintains 1,350 acres (two square miles) of park land and green space.<sup>77</sup> Like The Woodlands, Reston uses covenants rather than zoning for land use control. These are administered by the community associations.

Two attempts to incorporate Reston have failed, the first in 1980<sup>78</sup> and the second, reportedly, in 2005.<sup>79</sup> No indication was found of any significant interest in incorporation.

### **Highlands Ranch, Colorado**

Highlands Ranch, Colorado is an unincorporated suburban new community located 15 miles from downtown Denver. A belt route (Colorado highway 470) crosses the community near the northern border. The population was estimated at 105,000 in 2017. There were 31,000 jobs and a job to resident worker ratio of 0.57, indicating a net out migration to other portions of the Denver metropolitan area. Highlands Ranch is not a major employment center.<sup>80</sup> It has a land area of 24 square miles with a population density of 4,400 per square mile.<sup>81</sup>

Highlands Ranch was established in the early 1980s by the Mission Viejo Company. The purpose was to achieve "improvement of air quality; enhancement of public safety; creation of an aesthetically pleasing living environment; and promotion of high standards of developmental quality by stringent site planning and landscaping controls..."<sup>82</sup> The Highlands Ranch Metro District

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76. "Clusters Directory" (accessed 2019), Reston Association, <https://www.reston.org/propertyownerresources/restonneighborhoods/clustersdirectory/tabid/310/default.aspx>.

77. Reston Association (2005), "Parks, Open Space and Recreation Plan Update," <http://reston.org/Portals/3/Parks-Recreation-Events/Parks%20and%20Facilities/PROSPlanFinalPDF.pdf>.

78. Reston Historic Trust and Museum, "Reston Historic Timeline: Over 350 Years in a 'New' Place," <https://www.restonmuseum.org/reston-timeline>.

79. Per Wikipedia (no reference provided).

80. American Community Survey 2015/2019 (average year 2017).

81. Data for the census designated place, which may not have exactly the same boundaries as Highlands Ranch.

82. Douglas County (March 2019), "Highlands Ranch Planned Development Guide Summary," <https://www.douglas.co.us/documents/highlands-ranch-pd-summary.pdf>.

has 2,500 acres (four square miles) of parks and greenspace, similar to the 3,000 acres of The Woodlands.<sup>83</sup> Greenbelts separate the four neighborhoods.

In addition, the Highlands Ranch Community Association (the homeowners association) manages the 8,200-acre (13 square mile) Backcountry Wilderness Area, in which it has constructed seven miles of trails.<sup>84</sup> The Highlands Ranch Community Association also provides recreational facilities.

As in Columbia and Reston, some local services were provided by the developer, which were expanded and migrated to five special districts and eventually to the consolidated special district (the Highlands Ranch Metro District) under the laws of Colorado. Douglas County also provides some local services. This is similar to the arrangements in The Woodlands and Montgomery County.

The district has a seven-member board of directors, which is elected by residents.

In 2006, the five special districts that comprised Highlands Ranch were consolidated into the Highlands Ranch Metro District,<sup>85</sup> which serves the role of municipal service provider, an arrangement that continues.

The Highlands Ranch Metro District provides an array of municipal services, listed below.<sup>86</sup> Funding is obtained through fees on homes and properties.

- Roads: construction, maintenance and landscaping
- Installation of traffic signals and streetlights on major roads
- Construction and maintenance of parks and trails
- Recreation and sports programs
- Management and maintenance of natural open space areas
- Construction of storm drainage facilities
- Water and wastewater services through a contract with Centennial Water & Sanitation District
- Community events and volunteer opportunities
- Active adult/senior programs and services
- Operation of a historical site (Highlands Ranch Mansion)

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83. Highlands Ranch Metro District, "Highlands Ranch Parks and Open Space," <https://highlandsranch.org/services/parks-open-space/>.

84. Highlands Ranch Community Association, "Facts," <https://hrcaonline.org/area-resources/highlands-ranch/facts>.

85. Weinman, 2017

86. CAFR, 2017.

Law enforcement services are provided under contract by Douglas County and fire services under contract with a fire district.

Like The Woodlands, Highlands Ranch uses covenants rather than zoning for land use control. These are administered by the Highlands Ranch Community Association.

There was a concerted effort to incorporate Highlands Ranch as a city in the late 1990s, which failed. There was concern about the potential for higher taxes under a formal municipal structure.<sup>87</sup> In 2011, a local newspaper characterized the attitude toward incorporation in the community this way: "With the metro district building parks, the Highlands Ranch Community Association providing recreation services and Douglas County supplying all other necessary functions, including law enforcement, there was barely any talk among decision-makers about incorporating Highlands Ranch into a municipality. Incorporation can be a hot-button issue for some people; they argue that becoming a city would only result in a larger tax burden. Highlands Ranch has just about everything residents could need, they say."<sup>88</sup>

### **3.22: Other Unincorporated Public Service Approaches**

There are other governance approaches that avoid incorporation, while providing the opportunity for communities to obtain higher service levels than county government alone would supply. Three approaches are discussed below.

#### **Townships in the Northeast and Midwest (Civil Townships)**

Civil Townships<sup>89</sup> have been a feature of local government, especially in the Northeast and Midwest since the earliest settlements in New England, nearly 400 years ago.<sup>90</sup> In some states, counties were divided into townships that encompassed their entire areas, just as counties encompass all of the area of nearly all states. Unlike municipalities, neither counties nor townships are generally permitted to annex. Township boundaries, like those of counties, tend to be fixed. However, in some states, municipalities can annex land in townships and reduce their size.

Townships began as rural governments, before the huge increase in urbanization that began in the early 20<sup>th</sup> century. Many have evolved into urban governments within metropolitan areas. For example, more than one-third (3.4 million) of metropolitan area residents in Ohio live in township governed areas.<sup>91</sup>

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87. Weinman, 2017.

88. <http://highlandsranchherald.net/stories/part-2-of-2-highlands-ranch-transitions-into-future,37427>.

89. These townships are in contrast to The Woodlands Township, which is not a civil township, but rather a special district.

90. Town and City Information, <https://seeplymouth.com/>

91. Derived from 2010 Census data.

The 2012, U.S. Census of Governments found that there were more than 16,000 townships<sup>92</sup> in 20 states, as defined by the U.S. Census Bureau.<sup>93</sup> In 9 of these states, townships are called “towns.”<sup>94</sup> As time has passed, cities annexed parts or all of townships, while some townships themselves incorporated into cities.

In some states, townships perform virtually the same functions as incorporated municipalities, such as in New York, New Jersey, Pennsylvania, Ohio, Michigan, Minnesota and Wisconsin. In some other states, townships remain, but are not responsible for the full array of municipal services, such as in Illinois and Indiana. Townships can be very large, especially in New York, in which the township (town) of Hempstead has 775,000 residents, larger than the sixth-largest city in Texas, El Paso. Hempstead is an inner suburb of the New York metropolitan area. In Pennsylvania, the largest township has 80,000 residents and in Ohio, the largest township has 60,000 residents.

Civil townships have been under continual pressure to combine with municipalities, be annexed by municipalities or to incorporate. There have been concerted legislative campaigns to eliminate townships or force combinations or annexations in six states over the past 15 years (Illinois, Indiana, New Jersey, New York, Ohio and Pennsylvania). However, these proposals have been unsuccessful.

There have been campaigns and legislative efforts to abolish township governments or combine them into cities over the past two decades in New York, New Jersey, Pennsylvania, Ohio, Illinois and Indiana. In each case, the townships have mounted a strong campaign to survive. Enactment of these programs would have required annexation into incorporated municipalities or consolidations. In their defense, townships have cited their less costly government, and greater access to voters, both advantages of their often smaller populations.

These campaigns have largely failed. The recently released 2017 U.S. Census of Government indicates that from 2002 to 2017, the total number of townships in these six states has remained constant. The latest count of townships in these states has dropped only 0.1%. Some legislation has been enacted that gives townships greater authority to *voluntarily* combine with other jurisdictions where greater efficiencies are expected, with financial incentives made available. The stable township count reveals little interest.

The thousands of remaining townships are an important indication of electorates’ preference to preserve less formal government organizations and resist annexation.

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92. U.S. Census of Governments, 2012, <https://www.census.gov/content/dam/Census/library/publications/2013/econ/g12-cg-org.pdf>.

93. The Woodlands Township is considered a special district by the U.S. Census Bureau (like the similarly constituted Highlands Ranch [metropolitan district] in Colorado).

94. Generally, townships are not considered to be incorporated places by the Census Bureau and towns in the New England states, New York and Wisconsin, which are incorporated under state law, are nonetheless considered to be townships, largely for historical reasons.

One of the authors of this report<sup>95</sup> was commissioned by township associations to analyze finances of townships and municipalities in three of the states where townships perform most municipal functions (Pennsylvania, New York and Ohio). Based on a review of all such governments (an average of 2,000 per state), the conclusions have generally been that smaller local governments tend to have materially lower taxes, spending and debt than those with larger populations. Similarly, townships had lower taxes, spending and debt per capita than municipalities of similar population. In addition, townships had fewer employees (and thus, less bureaucracy), used part time employees more than municipalities of similar sizes and had less costly government employee compensation packages, reflecting their less formal structure.<sup>96</sup>

In Ohio and Pennsylvania, programs have been established for states to oversee financial recovery where local governments have had financial crises (distressed local governments programs).<sup>97</sup> In both states, local government townships have had a lower rate of designation as “distressed” than municipalities.

At least part of the more efficient operation of civil townships may be related to a leaner government structure, supported by a strong “small government” ethic. Civil township government has rural underpinnings, as they have largely evolved from a governance structure designed for rural areas.<sup>98</sup> As they became more urban, the structure was retained, and perhaps along with it a “small government” ethic. In many cases, electorates have found civil township governance preferable, even with urbanization, as the aversion to incorporation and annexation indicates.

### **Metro Townships in Utah**

In recent years, there has been considerable support in unincorporated areas of Salt Lake County for avoiding annexation by cities, which had been an ongoing threat. As directed by state law, Salt Lake County commissioned a public opinion survey of residents and property owners of six bordering unincorporated areas, which found that nearly three-quarters of residents favored continued service provision by Salt Lake County, rather than by any city.<sup>99</sup>

95. Wendell Cox.

96. Wendell Cox Consultancy, “Government Efficiency: The Case for Local Control,” commissioned by the Association of Towns of the State of New York, May 2008. <http://www.nyassessor.com/Portals/3/documents/caseforlocalgovernment.pdf>. Wendell Cox Consultancy, “Local Democracy in Ohio: A Review of City, Village and Township Financial Performance by Size,” Research Report for the Ohio Township Association, July 2012. <http://www.ohiotownships.org/sites/default/files/Report.pdf>. Wendell Cox Consultancy, “A Research Report on Growth, Economic Development, and Local Government Structure in Pennsylvania,” Commissioned by the Pennsylvania State Association of Township Supervisors, June 2005. <http://www.demographia.com/local%20govt%20PA.pdf>.

97. These programs were established to assist in avoiding the type of serious fiscal crises suffered by the city of Cleveland in the 1970s and the city of Philadelphia in the 1990s.

98. See: Darryl T. Cohen, with Geoffrey W. Hatchard and Steven G. Wilson (2015), *Population Trends in Incorporated Places*, United States Bureau of the Census, 2000-2013. <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1142.pdf>.

99. Kerri Nakamura and Nichole Dunn (2009), “Townships: A Plan for the Future in Salt Lake County,” *Policy Perspectives* [https://gardner.utah.edu/\\_documents/publications/governance/pp-townships-plan-for-future-slc-o.pdf](https://gardner.utah.edu/_documents/publications/governance/pp-townships-plan-for-future-slc-o.pdf).

In 2015, new legislation (the “Community Preservation Act”) offered residents of the six unincorporated areas the opportunity to either incorporate as cities or as “leaner” metro townships. Five incorporated as metro townships, while the sixth, Millcreek, voted to incorporate as a city.<sup>100</sup> A metro township cannot provide its own services, but must purchase service from the metropolitan service district or by contract. In their use of contracting, Metro townships are similar to the contract cities that have been incorporated in the last two decades and The Woodlands Township. The metro township structure is intended to make “the delivery of municipal-type services more affordable to taxpayers,” while making it possible to provide higher levels of service. The metro townships have more limited taxing powers than cities. Most importantly, the metro townships do not have the authority to tax property.<sup>101</sup>

### **Unincorporated Towns in Nevada**

Nevada is unique in having “unincorporated towns” that are not separate government entities but can obtain and finance additional services through their counties. They are created under state law by county commissions and have Town Advisory Boards, to which management of town services may be delegated. As a result, the unincorporated towns represent middle ground between conventional county governance and incorporated city governance. County commissions can levy taxes within the unincorporated towns to pay for additional services. County commissions retain public policy control and establish tax rates. Once established, unincorporated towns are not subject to annexation by cities without the approval of the county board.

Clark County (core municipality, Las Vegas) is home to roughly 75 percent of Nevada’s population. Nearly 45 percent of Clark County’s population is in 14 unincorporated towns, nearly one-half more than live in the city of Las Vegas, the county seat. The county’s four largest unincorporated towns range in population from 190,000 to 220,000.<sup>102</sup> Clark County has protected a number of areas from annexation by this mechanism.

### **3.23: Observations on Governance in Unincorporated Areas**

As the above discussion indicates, unincorporated communities around the nation have opted to avoid incorporation, while providing higher levels of public services than would normally be provided by county governments. This may be the result of the fact that taxes tend to be lower in unincorporated areas than in incorporated municipalities.

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100. Al Hartman (November 4, 2015), “Millcreek to Become Salt Lake County’s 17<sup>th</sup> City,” *The Salt Lake Tribune*, <https://archive.sltrib.com/article.php?id=3133985&itype=CMSID>.

101. Magna Metro Township, “What is a Metro Township,” <https://www.magnametrotownship.org/community/page/what-metro-township>.

102. Nevada State Demographer, State of Nevada, “Governor Certified Population Estimates of Nevada’s Counties, Cities and Towns 2000 to 2017,” <https://tax.nv.gov/uploadedFiles/taxnvgov/Content/TaxLibrary/Certified-Population-Nevada-Counties-Incorp-Cities-Unincorporated-Towns-2017.pdf>.

Some electorates may prefer a lower level of public services than is typically provided by incorporated municipalities.<sup>103</sup> Research (Section 3.22) shows that service production costs tend to be lower in civil townships, as a result of smaller staffs and less costly government employee compensation practices.

Even so, as the varieties of governance above indicate, some communities have opted for a higher level of service, while retaining their unincorporated status. Such approaches have provided communities with the ability to maintain or substantially increase their influence over local public policy, representing a “middle-ground” between basic county service levels and those of more expensive municipalities.

In assessing the alternative forms of government that have emerged in unincorporated areas, Robert E. Lang and Dawn Dhavale of Virginia Tech suggested in “Reluctant Cities? Exploring Big Unincorporated Census Designated Places” that “The key unifying force we believe is that some alternate form of government fills the service vacuum in the absence of incorporation. Behind the reluctance to form a city is not some strident anti-government ethos, but rather a strategic call that municipal government is unnecessary.”<sup>104</sup> They add: “The issue of how the local government is created, and who governs, does not seem to matter as long as some municipal-type structure develops.”

In basic terms, The Woodlands fits into a larger pattern of successful governance outside incorporated municipalities. It is an approach that has worked well, particularly and most importantly, in other successful, fast-growing communities across the country.

## Appendix: Local Governance in Post-World War II Suburban Areas

The United States has urbanized quickly. In 1900, only 40 percent of the population lived in urban areas. The other 60 percent lived in rural areas, especially on farms. By 1950, urbanization reached 64 percent and rose to over 80 percent in 2010.

### Post-War Urbanization

Following World War II, America became an overwhelmingly urban nation. Nearly all population growth was in urban areas and nearly all of that was in suburban areas. Since the first post-war census in 1950, the nation’s urban population rose 153 million, while rural areas (all areas outside urban areas) gained only 5 million. Urban areas thus accounted for approximately 30 times the population growth of rural areas over the 60 years from 1950 to 2010. This growth was principally the result of people moving to areas with greater economic opportunity, especially metropolitan

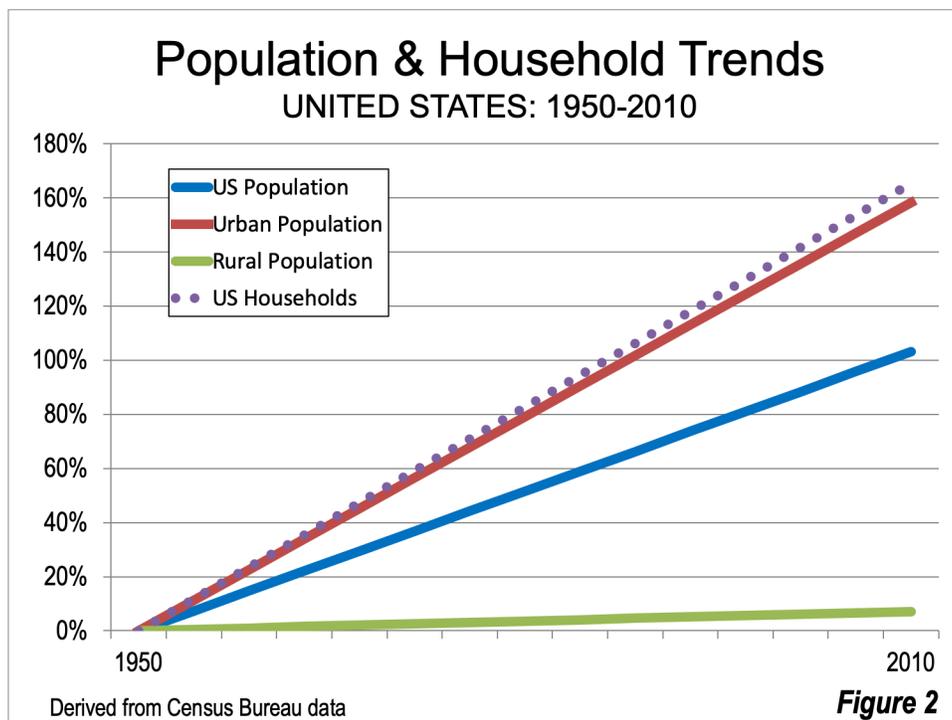
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103. Darryl T. Cohen with Geoffrey W. Hatchard and Steven G. Wilson (2015), *Population Trends in Incorporated Places*, United States Bureau of the Census, 2000-2013, <https://www.census.gov/con-tent/dam/Census/library/publications/2015/demo/p25-1142.pdf>.

104. Robert E. Land and Dawn Dhavale (2003), “Reluctant Cities? Exploring Big Unincorporated Census Designated Places,” Metropolitan Institute at Virginia Tech, <https://pdfs.semanticscholar.org/e707/5bd92fcf9129a5b406d3ff16fa3baf58b817.pdf>.

areas.<sup>105</sup> Further, the population was becoming more concentrated in the larger metropolitan areas. There are now 53 metropolitan areas with more than 1,000,000 population. This compares to only 14 in 1950.

Yet the demographics of the nation were changing in other ways as well. Perhaps the most significant trend was falling household size, down nearly one-quarter, from 3.37 persons to 2.58 from 1950 to 2010. The principal causes were falling fertility rates, higher divorce rates and more single person households. The number of households grew at a rate two-thirds greater than that of the population. This meant that the growth in housing units was much greater than the growth in population. Like the population, nearly all of the household (and housing) growth occurred in urban areas (Figure 2).



In the intervening decades, nearly all growth in Houston and nearly every major metropolitan area<sup>106</sup> occurred outside the core cities, in suburban and exurban areas (beyond the continuously built up urban areas).

105. Wendell Cox (July 16, 2013), "Metropolitan Dispersion: 1950-2012," newgeography.com, <https://www.newgeography.com/content/003821-metropolitan-dispersion-1950-2012>

106. 1,000,000 population or more.

The core cities accounted for less than 10 percent of the population growth, a proportion well below their 1950 population share of approximately 50 percent.<sup>107</sup>

The driving forces here were safety, quality of life and education. Crime rates in suburban communities are reported to be well below those of core cities like the City of Houston.<sup>108</sup> The Woodlands' schools are rated superior to those of Houston.<sup>109</sup>

In particular, people move to places like The Woodlands as they enter their childbearing years and beyond. Not surprisingly, populations among core cities that did not expand by annexation or consolidation declined more than 20 percent, with suburban and exurban areas capturing all the population growth. By 2015, more than 85 percent of the major metropolitan area population lived in neighborhoods with suburban, rather than urban core, characteristics, while the population growth in these areas has been nearly 90 percent of the total in the 2010s.<sup>110</sup>

Maintaining quality of life, not simply distance from the core city, is what matters. Mitchell and the other visionaries noted the issue is not whether or not suburbanization occurs; it's a matter of how it takes place.

### **Governance in the Emerging Suburbs and Defensive Incorporation**

It was fairly common for suburbs to be annexed to core cities in the late 19th and early 20th centuries. Cities like New York, Chicago, Philadelphia, Los Angeles and Detroit grew to encompass much larger "urban footprints." Core municipalities were able to entice suburbanites into annexations with the promise of extending their infrastructure, especially water and sewer systems, as an incentive. This increased city tax bases and municipal utility revenues. In later years, it became more cost effective for smaller jurisdictions to provide their own sewer and water systems, which removed an important incentive for suburban residents to support annexation into the core municipalities.<sup>111</sup>

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107. "Major Metropolitan Area and Core Municipality Population: 1950 & 2010," <http://demographia.com/db-19502010mmsa.pdf>. Only in San Jose and Jacksonville has population growth in the core city exceeded that of the suburbs. Both of these core cities, however, are themselves overly suburban. San Jose is a virtually all suburban metropolitan area, and Jacksonville combined with the balance of Duval County. See: Wendell Cox, "Faltering Growth in the Largest Municipalities, Concentrated in Densest," *newgeography.com*, <http://www.newgeography.com/content/006311-faltering-growth-largest-us-municipalities-concentrated-densest>.

108. <https://www.safehome.org/safest-cities/tx/>

109. <https://www.hdavidballinger.com/best-school-districts-houston.php>.

110. Wendell Cox (December 15, 2018), "Suburbs and Exurbs Continue to Dominate Urban Growth at Mid-Decade," *newgeography.com*, <https://www.newgeography.com/content/006168-suburbs-exurbs-continue-dominate-metropolitan-growth-mid-decade>.

111. Carol E. Heim (2006), "Border Wars: Tax Revenues, Annexation and Urban Growth in Phoenix," University of Massachusetts, Amherst, [https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1049&context=econ\\_workingpaper](https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1049&context=econ_workingpaper).

More recently, some suburban areas were annexed by existing cities, especially the historical core municipalities<sup>112</sup> (such as Houston). The 1996 forced annexation of Kingwood is a prime example, one that may have provided impetus for exploring incorporation among some in The Woodlands. To be sure, the prospect of incorporation certainly seemed a better alternative than being absorbed by a large municipality.

Since World War II, the threat of forced annexation by the core cities and suburban cities has been an important driver in the new incorporations. Various reasons have been advanced for this defensive aversion to governance by core cities. For example, there was concern that the larger core cities were plagued with higher taxes and greater difficulties balancing their budgets.<sup>113</sup> Some core cities had developed reputations for less efficient service delivery (services that cost more than necessary) and even “graft” and “corruption,” as characterized by Professor Richardson Dilworth of Drexel University.<sup>114</sup>

Residents were also concerned with local democracy and access to their local governments, which was facilitated by smaller jurisdictions. While academic theory tended to favor municipal annexation and amalgamation into larger cities to achieve purported economies of scale and lower taxes, there was little supporting experience (Section 3.22)<sup>115</sup>. Many residents believed—and accurately so, for the most part—that larger municipal governments would bring less local control and higher taxes. In a sense, incorporation became a necessary defensive strategy in these communities when faced with the threat of annexation. This is evident by the strong anti-annexation efforts undertaken in the Perimeter Center area of Atlanta, Georgia; Centennial, Colorado; Millcreek, Utah and throughout the thousands of civil townships in the nation’s Northeast and Midwest.

Yet many suburban areas—like The Woodlands—have managed to remain in unincorporated county territory, where local government services were principally provided by counties and by civil townships<sup>116</sup>, particularly in the Northeast and Midwest townships (civil townships). Indeed, the trend toward incorporation has clearly slowed. The suburbanization that resumed in the years immediately after World War II resulted in many newly incorporated cities, bringing the total to 19,519 in 2012. Incorporations were strongest between 1942 and 1981. They have since fallen off substantially, with only 90 new incorporations in the last decade. This compares to a peak of nearly 1,200 in the 1950s (Figure 3).

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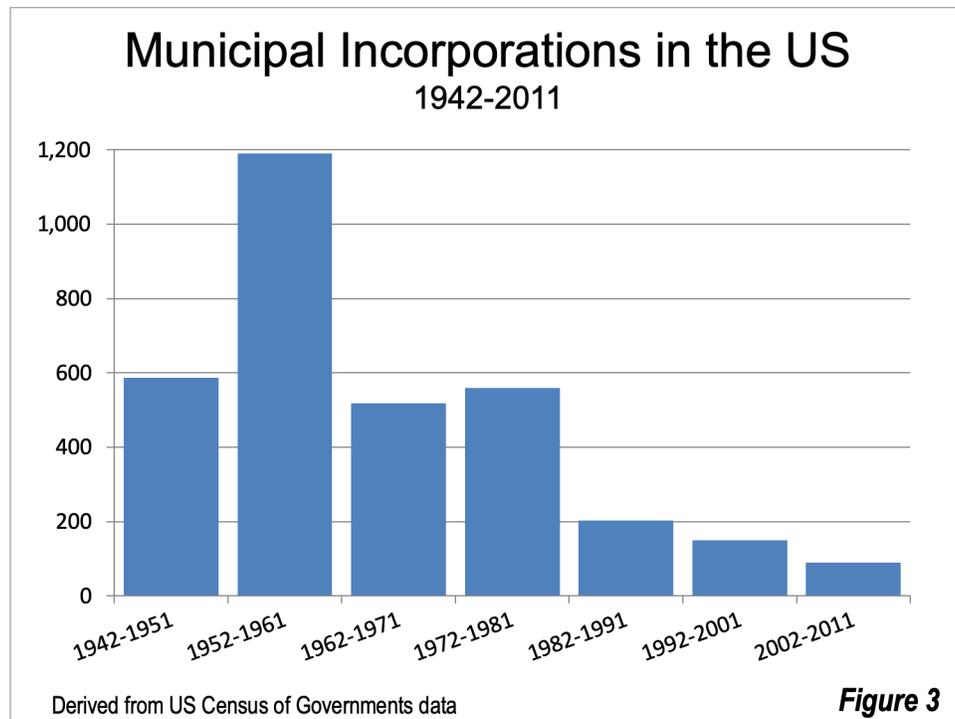
112. See: Wendell Cox (August 1, 2014), “Urban Cores, Core Cities and Principal Cities,” *newgeography.com*.

113. Richardson Dillworth (2005), *The Urban Origins of Suburban Autonomy*, Harvard University Press, p. 24.

114. Dillworth (2005), p. 24.

115. Wendell Cox and Ailin He (2017), “Inter-Municipal Cooperation and Reform: Municipal Amalgamations,” [https://fcpp.org/wp-content/uploads/FC201\\_MunicipalAmalg\\_SP2217\\_F1.pdf](https://fcpp.org/wp-content/uploads/FC201_MunicipalAmalg_SP2217_F1.pdf).

116. Civil townships are local government units within counties but are not incorporated cities (as classified by the U.S. Census Bureau). They are to be contrasted with survey townships, in a system that was defined by the Northwest Ordinance of 1787 for the then Northwest Territory and expanded to most states that developed west of the Mississippi River (though not Texas).



A number of factors could be responsible for the reduction in incorporation activity. For example:

1. The need for “defensive” incorporations to avoid annexation by the core municipalities has diminished with the incorporation of other suburban cities virtually surrounding nearly all of the older municipalities.
2. Some states (such as Texas and North Carolina) have made it more difficult for cities to force annexation on unwilling areas, also reducing the need for defensive annexations.
3. Some states (such as in California) have strengthened incorporation laws, making it far more difficult.

At the same time, a considerable number of suburban residents continue to live in unincorporated areas. Data from the 2010 census indicates that unincorporated areas within metropolitan areas have a larger population than the historical core municipalities, which are often referred to as the core cities (such as Houston). Approximately 34 percent of US metropolitan area residents live in unincorporated areas. This compares to 29 percent in the historical core municipalities and the balance of 37 percent who live in suburban municipalities. The other one-third lived in unincorporated areas, where local governance is by civil townships, largely in the Northeast and Midwest or counties.

In 2010, there were nearly 88 million residents in the unincorporated portions of the nation's metropolitan areas. This was about equal to the combined population of the three largest states, California, Texas and New York, along with Massachusetts (Figure 4).

Recent incorporation experiences and alternate government structures are discussed above (Part 3).

