

# Regional Solutions for Rural and Urban Challenges

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## Keywords

rural–urban interactions, regional collaboration, equity

The complex and dynamic nature of rural–urban interactions tests the capacity of existing governance structures to address pressing regional challenges. There have been decades of efforts to employ regional mechanisms that embrace cross-functional and cross-jurisdiction approaches, ranging from formal authorities to collaborations of local governments and civic organizations to more informal networks. As these have sought to wrestle with issues of limited technical and fiscal capacity and of fragmentation of structures, policies, and resources, they have been challenged by concerns about the loss of local autonomy as they pursue regional collective action. However, with growing concern about rural–urban dissonance and divides, regional collaboration may offer a powerful and intentional way of addressing rural–urban disparities. This article explores how issues of governance, collaboration, and regional imbalances and inequities are being addressed by innovative regional efforts to improve outcomes for everyone, rural and urban.

A recent research project, *Regional Solutions for Rural and Urban Challenges*, explores the premise that collaboration can be an effective way of improving social and economic opportunity and health for all people and all places in any given region. The project sets out to find and document examples of regions from across the United States that are pursuing concerted efforts to ensure that rural areas, low-income communities, and people of color

are not left behind. The focus is on regional organizations and intermediaries that show intentionality in fostering rural–urban connections; addressing issues of geographic and racial/ethnic inequity; and facilitating collaboration across public, private, and nonprofit sectors. Of interest is whether there are cases of regional ecosystems where local and regional community and economic development efforts are integrated with statewide institutions and networks for sustained impact.

The project combines an extensive literature review, interviews with a diverse array of experts, and seven detailed case studies, leading to a set of crosscutting findings with implications for policy and practice. Its aim is not to evaluate the effectiveness of the various partnerships but to learn how their ability to address rural–urban dynamics has been shaped by their historical, demographic, geographic, and institutional context. This article presents a synopsis of the research.

The literature review sheds light on established and current thinking on rural–urban connections and linkages and on regional collaboration and governance. It draws from

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the disciplines of regional science, urban affairs, political and social science, public administration and public policy, international development, and sustainability and land use in the United States and internationally. The full review and references are available in the complete online research report. The highlights of the review with a sample of the references are as follows:

1. The way “rural” and “urban” are defined has profound implications for policy, resource allocation, and program design. Despite obvious limitations and the availability of alternatives, most public policy makers and academic researchers use federal definitions that make hard and fast distinctions between urban and nonurban, metropolitan and nonmetropolitan—rural being a residual category. To overcome this unnuanced rural–urban statistical split, there have been efforts to form classification schemes that present a continuum from urban to rural, better reflecting the fact that rural America is complex, diverse, and evolving (Isserman 2005; Lichter and Brown 2011; Johnson and Lichter 2019).
2. Most research rejects the notion of a simple rural–urban dichotomy and points to the shifting, crossing, and blurring of boundaries between rural and urban. Rural–urban interactions and specifically locational patterns of economic activity are products of comparative advantage, economies of aggregation, and costs of transportation and communications. Current thinking on rural–urban interdependence emphasizes that interactions can be both positive and negative and indeed that interdependence may be an underlying cause of many rural–urban conflicts. Thus, economic, organizational, and development decisions made without a rural lens may have a range of unintended social, economic, environmental, and identity consequences (Lichter and Ziliak 2017; Irwin et al. 2010; Castle, Wu, and Weber 2011; Partridge, Ali, and Olfert 2010; Reimer et al. 2019).
3. History plays a large role in shaping a place and its development not just in its physical form but in the deeply embedded ideas, norms, and values that local people take for granted. These influence the way in which local structures, institutions, actors, and processes confront and respond to external economic, political, cultural, and environmental shocks. Seemingly benign policy changes can produce unexpectedly divisive reactions (Lichter and Brown 2011; Weber et al. 2017).
4. History also shaped the policies, practices, and investment patterns that conferred benefits on some people while imposing burdens on others. Established systems reinforce entrenched poverty and racial inequalities that, generation after generation, worsen health outcomes and increase community vulnerability. A lens of regional equity focuses on how life chances and health outcomes can be addressed for all people wherever they live on the rural–urban continuum. Rural areas are becoming increasingly racially diverse, and social and capacity challenges are observed where this shift is recent (Pastor, Benner, and Matsuoka 2011; Frick et al. 2015; Lee and Sharp 2017).
5. Complexity and dynamism of rural–urban interactions raise questions about the ability and capacity of governance structures. There remains a healthy debate about whether fragmentation is desirable or problematic (polycentrists vs. monocentrists), but the author tends to the view that it inhibits collaboration to tackle region-wide issues and creates inefficiencies, costs, externalities, and conflicts. A range of regional governance tools have been developed and employed to mitigate the effects of fragmentation, ranging from formal

regional authorities to collaborative groups and councils to more informal networks (Savitch and Adhikari 2017; Feiock 2009; Bel and Warner 2015).

6. Obstacles to regional collaboration include inertia; potentially high transaction costs; imbalances in preferences, resources, and power across a region; and often fundamental differences in philosophy between cities, suburbs, and outlying rural areas. An important tension exists in this regard as communities seek to adopt regional perspectives to tackle large-scale issues while also wishing to preserve association with a community or place—sometimes described as finding the balance between collective action and local autonomy (Feiock 2009; Andrew 2009; Hendrick and Shi 2015).
7. Collaboration and coordination across sectors and levels of government; a focus on identity and regional assets; the connection of social, economic, and environmental considerations; the bridging of urban and rural; and continuous learning and innovation are important components of a regional solutions approach (Hurrell 2007; Frisken and Norris 2001; Wheeler 2002; Herrschel 2009; Porter and Wallis 2002).

Interviews were conducted with forty-six experts from the public and nonprofit sectors and academia. These underscored three themes:

1. Intermediaries, specifically local government regional development organizations and nonprofit regional and community economic development organizations, play a critical role in catalyzing and managing rural–urban interactions.
2. Regional interaction and collaboration can take many forms, but regionalism requires a clear vision and the capacity to coordinate, convene, and facilitate. Strong and well-resourced intermediaries can foster relationship building

and provide much needed capacity especially in rural regions.

3. Regional (rural–urban), racial, or economic equity requires intentionality—leaving things to chance or to evolve will not be in the interests of rural communities, poorer neighborhoods, or people of color.

### **Regional Collaboration, Equity, and Rural–Urban Interactions**

Seven regional initiatives were selected for in-depth, on-site interviews with key informants and collaborators to understand the organization, the context, the nature of collaboration and rural–urban relationships, and the importance of equity. They were chosen from an initial list of sixty-five possible sites recommended by interviewees or culled from the literature review. Selections were based on threshold criteria relating to rural–urban linkage, equity, collaboration, multi-sectoral scope, and impact measurement plus diversity criteria for geography, organizational structure, issue areas, and impacted populations. Although the initial list represented a geographic spread across the United States, the sites selected skewed to California, Oregon, Washington, and Texas together with visits to Minnesota and North Carolina. The findings from four of the cases are summarized in the following subsections.

#### ***Minnesota***

Minnesota has very well-developed local and regional community economic development mechanisms tied together through statewide institutions and networks into what can be described as a regional ecosystem. This comprises three main types of organization. First, nine regional development commissions, established in the 1970s as regional units of government, perform a range of planning, coordination, and implementation functions. They are all designated as economic development districts and have business lending programs;

two serve as metropolitan planning organizations. Second, there are six independent regional community foundations known as Initiative Foundations. These were created in response to the 1980s farm crisis by the McKnight Foundation and the then governor and state legislative leaders to diversify the rural economy and foster healthy places for people to live. Third, statewide structures, such as the Regional Economic Development (RED) Group and the state association of development organizations, facilitate shared learning and joint statewide initiatives and policy agendas.

Importantly, the RED Group is to be rebranded as the Rural Equity Development Group, underscoring the importance of intentionality in addressing equity issues across the state through a rural lens. In addition, Growth & Justice, a nonprofit organization, leads a statewide effort to develop a Rural Urban Development Act that embodies ideas of rural–urban interdependence, racial equity, and climate action.

Deliberate public policy choices, investments in rural areas, and leadership development over a long period of time by government and philanthropy have created a unique ecosystem of regional organizations collaborating with the state chamber; the state college and university system; state agencies; and other public, private, and nonprofit entities.

### *California: Sacramento Area Council of Governments (SACOG)*

The policy environment in California has fostered state intervention and an acceptance of planning and coordination that are rare in other parts of the country. Regional institutions such as councils of government have been embraced as a vital piece of state governance, both in recognition of the significant geographic, economic, and cultural differences across California and as an intermediary between state and local governments. Strong state legislative action over fifty years has been taken to tackle a range of regional issues, which in turn has expanded the roles of councils of government.

The SACOG is a high-performing regional organization with an engaged board of representatives from six counties and twenty-two cities. One of its programs is the Rural–Urban Connections Strategy (RUCS). This is both a strategy for looking at the region’s growth and sustainability objectives from a rural perspective and a suite of data and analytical tools for “proactive” rural land-use planning that allows for forecasting and preparing possible future scenarios.

The significance and the magnitude of rural–urban relationships are often unrecognized, undervalued, or unmonetized. RUCS found that the fruit and vegetable industry contributes US\$1.2 billion to the regional economy with most agricultural jobs in processing, manufacturing, and distribution located in urban areas. Despite the magnitude of its economic impact, it took years for the Sacramento business community to see the value of agriculture to the urban and regional economy. In addition, population growth is converting farmland into housing, and market forces and environmental and water constraints cause farmers to rethink their crop options. Development pressures often reduce economic arguments to short-term assessments of property taxes and highest and best use of land calculations. As a result, a range of other important metrics, such as jobs, air pollution, water, habitat and other conservation benefits, and long-term financial return, are not considered. RUCS provides an array of analytical tools that can gauge the effects of land use and crop choices, identify trade-offs between competing land uses, and forecast their potential outcomes. These help make the rural contribution to the region, once hidden in plain sight, both visible and celebrated.

### *California: Partnership for the San Joaquin Valley*

The Partnership for the San Joaquin Valley was created by governor’s executive order in 2005 to improve the economy and the health and well-being of the eight-county, mainly rural, central California region. The Partnership has neither a formal legal structure nor a permanent

funding stream and is administered through the California State University at Fresno. It is governed by a thirty-seven-member board comprising representatives from state agencies, local governments, the private sector, nonprofits and labor, and higher education. Ten issue-specific work groups provide the mechanism for presenting a unified voice for the San Joaquin Valley in state policy and funding decisions. They also serve as neutral and safe forums where issues affecting the region can be raised and discussed, resulting in response formulation and action.

The Partnership is a good example of the application of “soft power”—the ability to get things done through education, persuasion, cooperation, and advocacy in the absence of regulatory or taxation powers. It has launched new programs and initiatives in areas such as clean energy, broadband, and workforce development and in negotiating compromises with politically fraught issues such as water supply and water quality. There has been an intentional focus on equity, addressing geographic disparities between the Valley and the rest of the state, and racial and income inequities in a region of growing diversity and high rates of poverty.

### *Pacific Northwest: Craft3*

Craft3 is a community development financial institution (CDFI) that has for twenty-five years lent capital to businesses, community facilities, and consumers in Washington and Oregon. With assets of US\$150 million, it has offices in large and midsize metropolitan areas and four rural communities. Craft3 has an eleven-member board, chaired by a former city manager, and its mission is to “create social, economic, and environmental benefit across the Pacific Northwest.” This mission is achievable only through effective collaboration with financial institutions, businesses, governments, foundations, and communities. This requires building trust and confidence based on competence and performance and on developing relationships through subregional offices and outreach strategies. Nowhere is this more important than in Indian Country, and Craft3

has a targeted outreach strategy led by an on-staff tribal leader and businessman to work with Native CDFIs across the region.

“Intentionality” is a key word for describing Craft3. Bridging the rural–urban divide, working collaboratively, and tackling social and economic inequities were baked in from the beginning, and every new development is assessed according to these principles. Craft3 has developed trust relationships with state agencies in Washington and Oregon on lending programs for small businesses, home energy upgrades, and repair and replacement of septic systems.

### **Some Crosscutting Findings**

An understanding of context is an essential condition for effective regional collaboration and decision-making. This requires the presence of trusted institutions with deep roots and analytical capacity to marshal data and information on current conditions and trends. There are many types of institutions that may be able to fill this role, and whichever steps up will be a function of leadership, institutional capacity, and acceptability within the region. Being able to capture the many facets of regional identity and conditions is critical. A regional approach that fails to recognize challenges that, for instance, may have historical origins in segregation, disinvestment, or resource exploitation will neither attract the necessary support and credibility nor be a robust basis for action. Similarly, the ability to foster trust across the rural–urban divide requires understanding of the origins and continuing reasons for enmity that hinder collaboration.

Making the case means addressing the “hidden in plain sight” problem: a lack of awareness of the contributions that rural economies and communities make to the regional economy. Such contributions are undervalued and often nonmonetized, so the true value of stewarding natural resources, providing ecosystem services and large-scale landscape management, remains hidden to urban populations. Developing data and analytical platforms that can show the economic impact of different

land use and resource allocation decisions is necessary to shine light on rural–urban interactions. They can also inform investment decisions by broadening what is considered in calculating rate of return.

Improving social and economic opportunity and health for all people and all places within a region means addressing inequities of geography, race and ethnicity, gender, income, and class.

Facilitating conversations across regions and between communities and interests on contentious issues must extend beyond simply seeking public input through informational meetings and surveys to techniques that encourage active engagement in setting priorities and driving change. Having collaborative partners with commitment to and expertise in resident engagement is essential to ensure that representative and diverse voices and perspectives are heard.

Interdependent issues, such as affordable housing, childcare, health care, workforce development, transportation, air quality, and broadband, are essential to creating and sustaining healthy economies and communities. Each topic is the focus of distinct systems and networks of policy advocates, service delivery agencies, funding sources, research specialists, and political constituencies. At a regional level, the aim must be to connect these systems and networks together into regional ecosystems.

Creating and sustaining ecosystems of effective regional development organizations and foundations require long-term public and philanthropic support. This should be flexible funding that adapts to regional needs and priorities. In areas of persistent poverty, capacity constraints may be mitigated by organizing funder collaboratives dedicated to long-term investment and capacity-building of rooted intermediaries. In addition, dollars for public, public–private, and nonprofit programs should be complemented by collaboration incentives to encourage regional solution-seeking that crosses jurisdictions, service territories, and sectors.

## Implications for Policy and Practice

If regional collaboration is to be an effective approach to improving social and economic opportunity and health for all people and places across the rural–urban continuum, actions will be required at the federal, state, and local levels to provide incentives and support and to remove obstacles.

*Regional development organizations*, such as councils of government and economic development districts, need recognition and resources from federal and state governments to help them plan and prioritize investments that better serve the needs and interests of rural communities and facilitate positive interactions between rural and urban parts of their regions. In addition, they will benefit from guidance and incentives to adopt planning processes and community engagement practices that are inclusive geographically, racially, and economically. More broadly, they require political and resource support to engage collaboratively with a broad array of other public, private, philanthropic, nonprofit, and educational institutions with regional missions to create regional ecosystems and to enhance their analytical capabilities to map and evaluate needs and opportunities.

The case studies show that *state governments* can embrace regional development organizations not as another layer of government but as a legitimate part of governance that recognizes geographic, economic, and cultural diversity across the state. They offer mechanisms for horizontal coordination among local governments and vertical integration from federal agencies through local jurisdictions. In many states, there are multiple entities with regional mandates for activities as varied as water supply and quality, transportation, airport planning and operations, and waste management. But often, these are not coterminous and represent a confusing array of overlapping and competing priorities. Aligning these into functional regions could foster closer and more productive intergovernmental and inter-sector cooperation and enable them to better address complex and interrelated regional issues.

Another way forward is for national organizations, such as the National Association of Counties, the National Association of Development Organizations, the National Association of Regional Councils, the National League of Cities, and their state counterparts to review legislative and administrative constraints that hinder effective regional collaboration. Low-hanging fruit includes the federal processes inherent in the U.S. Economic Development Administration's Comprehensive Economic Development Strategies, the U.S. Department of Transportation's Regional Transportation Plans, and the U.S. Department of Housing and Urban Development's Consolidated Plans. The goal is to increase funding for planning, coordination, analysis, and collaboration by regional development organizations and to expand mechanisms for sharing best practices and ideas, training, and cross-sector collaboration at the regional level.

A consistent theme from the case studies is that in many circumstances, the entity leading the push for regional solutions may not be a government. Philanthropic organizations, community development agencies, public-private partnerships, and nonprofits by virtue of their trust relationships, resources, and capacity may be better suited for such a role. In these cases, state and local governments can be supportive partners and advocates.

For instance, the ability of *Community Development Financial Institutions* (CDFIs) to become regional players will be greatly assisted if changes to Community Reinvestment Act regulations stimulate increased bank investments in rural CDFIs and rural markets. Incentives for CDFIs, banks, and other financial institutions should encourage them to participate in regional collaborative efforts with public, private, philanthropic, nonprofit, and educational institutions and to support efforts that strengthen rural-urban connections.

*Regional philanthropic organizations* should invest in building regional leadership capacity. These investments should identify and uplift promising local leaders to serve as change agents, create reliable and sustaining financial resources for those change agents, and connect them so that they can learn from and support each other. These

long-term investments in regional leadership capacity are necessary to align with the long-term nature of regional solutions. Community and regional foundations should support, engage with, and take leadership roles in regional collaboratives and ecosystems that enhance social and economic opportunity and health for all people and places within a region.

There remain significant gaps in the knowledge base that an enhanced program of *academic research and extension* engagement might address with funding support from the federal level. The U.S. Department of Agriculture's National Institute for Food and Agriculture and the Economic Research Service, the U.S. Department of Housing and Urban Development's Office of Policy Development and Research, and the U.S. Economic Development's Research and Evaluation Program offer an array of possible research funding sources. Such gaps include the following:

- Methods for identifying and valuing the contributions that rural economies and communities make to regional prosperity and well-being;
- Analysis of public, private, and philanthropic capital flows into regions and the impacts of different types of investment;
- Analysis of the rural and regional implications of national policy to understand how programs, policies, and funding formulas affect rural and urban geographies;
- Creation of effective platforms to make the data accessible to regional decision makers;
- Analysis of state budgets and legislation with an eye toward rural-urban balance;
- Approaches and methods for strengthening and creating cross-functional regional ecosystems;
- Methods for integrating intentional equity policies and practices into regional policy-making and resource allocation; and
- Methods of facilitating rural-to-rural collaboration and solution seeking in remote regions.

Finally, pulling together these threads, the idea of regional ecosystems based on sustained investment and engagement over many years represents fertile ground for evaluation of impact and governance.

### Authors' Note

The literature review, methods, glossary, case studies, synthesis, and recommendations are available online at <https://locusimpactinvesting.org>. The research team comprises Brian Dabson, Alan Okagaki, Deborah Markley, Travis Green, Katharine Ferguson, Christina Danis, and Timothy Lampkin.

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