New Communities Development

October, 1972

A HUD Handbook

U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Distribution: W-1, W-2, W-3, R-1, R-2, R-3, R-3-1, R-4, R-5, R-5-1, 104-3, 104-4, 104-6, 104-7, 104-8, 104-9, 104-12, 104-15, 104-16, 104-20 and 104-27.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHAPTER 1. PROGRAM PURPOSE AND DESCRIPTION</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SECTION 1-1. LEGISLATIVE PURPOSES</strong></td>
<td></td>
</tr>
<tr>
<td>1-1-1. Purposes of New Communities Program</td>
<td>1-1</td>
</tr>
<tr>
<td>1-1-2. Purposes of National Growth Policy Formulation</td>
<td>1-2</td>
</tr>
<tr>
<td><strong>SECTION 1-2. LEGISLATIVE HISTORY AND ADMINISTRATION</strong></td>
<td></td>
</tr>
<tr>
<td>1-2-1. Legislative History</td>
<td>1-3</td>
</tr>
<tr>
<td>1-2-2. Administration</td>
<td>1-4</td>
</tr>
<tr>
<td><strong>SECTION 1-3. ASSISTANCE PROVIDED UNDER TITLE VII</strong></td>
<td></td>
</tr>
<tr>
<td>1-3-1. Principal Assistance</td>
<td>1-4</td>
</tr>
<tr>
<td>1-3-2. Other Assistance Authorized under the Act</td>
<td>1-7</td>
</tr>
<tr>
<td>1-3-3. Other Federal Aids</td>
<td>1-9</td>
</tr>
<tr>
<td><strong>CHAPTER 2. PROCEDURES FOR GUARANTEE AND INTEREST LOAN ASSISTANCE</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SECTION 2-1. INTRODUCTION</strong></td>
<td></td>
</tr>
<tr>
<td>2-1-1. General</td>
<td>2-1</td>
</tr>
<tr>
<td>2-1-2. Scope of Chapter</td>
<td>2-1</td>
</tr>
<tr>
<td><strong>SECTION 2-2. CONFIDENTIALITY AND FREEDOM OF INFORMATION</strong></td>
<td></td>
</tr>
<tr>
<td>2-2-1. Policy</td>
<td>2-2</td>
</tr>
<tr>
<td>2-2-2. General Guidelines</td>
<td>2-2</td>
</tr>
<tr>
<td>2-2-3. Inquiry</td>
<td>2-3</td>
</tr>
<tr>
<td>2-2-4. Pre-application Proposal</td>
<td>2-4</td>
</tr>
<tr>
<td>2-2-5. Application</td>
<td>2-4</td>
</tr>
<tr>
<td>2-2-6. Project Negotiation</td>
<td>2-4</td>
</tr>
<tr>
<td>2-2-7. Monitoring</td>
<td>2-4</td>
</tr>
<tr>
<td><strong>SECTION 2-3. INITIAL INQUIRY AND INFORMATION</strong></td>
<td></td>
</tr>
<tr>
<td>2-3-1. Information</td>
<td>2-5</td>
</tr>
<tr>
<td>2-3-2. Initial Inquiry</td>
<td>2-5</td>
</tr>
<tr>
<td>Paragraph</td>
<td>Page</td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td>2-4-1. Purpose</td>
<td>2-6</td>
</tr>
<tr>
<td>2-4-2. Scope</td>
<td>2-6</td>
</tr>
<tr>
<td>2-4-3. Process</td>
<td>2-8</td>
</tr>
<tr>
<td>2-4-4. Timing</td>
<td>2-9</td>
</tr>
<tr>
<td>2-4-5. Fees</td>
<td>2-10</td>
</tr>
</tbody>
</table>

**SECTION 2-5. APPLICATION**

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-5-1. Purpose</td>
<td>2-10</td>
</tr>
<tr>
<td>2-5-2. Scope</td>
<td>2-10</td>
</tr>
<tr>
<td>2-5-3. Process</td>
<td>2-12</td>
</tr>
<tr>
<td>2-5-4. Timing</td>
<td>2-13</td>
</tr>
<tr>
<td>2-5-5. Fees</td>
<td>2-13</td>
</tr>
</tbody>
</table>

**SECTION 2-6. COMPLIANCE WITH CIRCULAR A-95**

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-6-1. Purpose</td>
<td>2-13</td>
</tr>
<tr>
<td>2-6-2. Scope</td>
<td>2-14</td>
</tr>
<tr>
<td>2-6-3. Procedures</td>
<td>2-14</td>
</tr>
</tbody>
</table>

**SECTION 2-7. ENVIRONMENTAL REVIEWS**

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-7-1. Purpose</td>
<td>2-18</td>
</tr>
<tr>
<td>2-7-2. Scope</td>
<td>2-19</td>
</tr>
<tr>
<td>2-7-3. Procedures</td>
<td>2-20</td>
</tr>
</tbody>
</table>

**SECTION 2-8. NCDC REVIEW AND COMMITMENT**

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-8-1. General</td>
<td>2-23</td>
</tr>
<tr>
<td>2-8-2. Basis and Form of Offer of Commitment</td>
<td>2-24</td>
</tr>
<tr>
<td>2-8-3. Conditions</td>
<td>2-24</td>
</tr>
<tr>
<td>2-8-4. Process and Timing</td>
<td>2-25</td>
</tr>
<tr>
<td>2-8-5. Fees and Charges</td>
<td>2-27</td>
</tr>
</tbody>
</table>

**SECTION 2-9. NEGOTIATION OF PROJECT AGREEMENT**

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-9-1. Purpose</td>
<td>2-27</td>
</tr>
<tr>
<td>2-9-2. Scope</td>
<td>2-27</td>
</tr>
<tr>
<td>2-9-4. Fees</td>
<td>2-27</td>
</tr>
</tbody>
</table>
SECTION 2-10. NEGOTIATION OF TRUST INDENTURE

2-10-1. Purpose and Scope
2-10-2. Process and Timing

SECTION 2-11. DEBT ISSUANCE

2-11-1. Purpose
2-11-2. Scope
2-11-3. Process
2-11-4. Timing
2-11-5. Fees

SECTION 2-12. PROJECT EXECUTION

2-12-1. Purpose
2-12-2. Scope
2-12-3. Process and Timing

SECTION 2-13. MONITORING AND EVALUATION

2-13-1. Purpose
2-13-2. Scope
2-13-3. Process and Timing
2-13-4. Fees

SECTION 2-14. AMENDMENTS AND WAIVERS

2-14-1. General Purpose
2-14-2. Substantial Amendments Scope
2-14-3. Criteria for Approval Process and Timing
2-14-4. Amendments Required by NCDC
2-14-5. Effective Date

SECTION 2-15. DEFAULTS AND REMEDIES

2-15-1. Purpose
2-15-2. Scope
CHAPTER 3. PROJECT CRITERIA

SECTION 3-1. GENERAL POLICIES

3-1-1. Introduction
3-1-2. Priorities
3-1-3. General Criteria
3-1-4. Types of New Communities
3-1-5. Size
3-1-6. Access
3-1-7. Relationship to Surrounding Development
3-1-8. Existing New Communities
3-1-9. Balance and Internal Diversity
3-1-10. Eligible Bodies - Developers
3-1-11. Innovation

SECTION 3-2. THE NEW COMMUNITY PROCESS

3-2-1. Background and Purpose
3-2-2. Plan Components
3-2-3. Relationships among Plan Components
3-2-4. Phases of New Community Process

SECTION 3-3. PHYSICAL COMPONENT

3-3-1. Policy
3-3-2. Discussion
3-3-3. Pre-application Proposal
3-3-4. Application
3-3-5. Project Agreement and Monitoring
3-3-6. Relocation

SECTION 3-4. ENVIRONMENTAL COMPONENT

3-4-1. Policy
3-4-2. Discussion
3-4-3. Pre-application Proposal
3-4-4. Application
3-4-5. Project Agreement and Monitoring

iv
### SECTION 3-5. SOCIAL COMPONENT

- **3-5-1.** General
- **3-5-2.** Human Factors
- **3-5-3.** Balance
- **3-5-4.** Equal Opportunity
- **3-5-5.** Education
- **3-5-6.** Health
- **3-5-7.** Recreation and Culture
- **3-5-8.** Manpower

### SECTION 3-6. ECONOMIC COMPONENT

- **3-6-1.** Policy
- **3-6-2.** Discussion
- **3-6-3.** Regional and Market Analysis
- **3-6-4.** Project Analysis
- **3-6-5.** Pre-application Proposal
- **3-6-6.** Application
- **3-6-7.** Project Agreement and Monitoring
- **3-6-8.** Monitoring
- **3-6-9.** Rural and Depressed Areas

### SECTION 3-7. FINANCIAL COMPONENT

- **3-7-1.** General
- **3-7-2.** Comprehensive Financial Plan Discussion
- **3-7-3.** Illustrative Categories Pre-application Proposal
- **3-7-4.** Determination of Amount of Commitment Application
- **3-7-5.** Equity Project Agreement and Monitoring
- **3-7-6.** Real Estate Appraisals
- **3-7-7.** Cost Estimation
- **3-7-8.** Revenue Estimation
- **3-7-9.** Terms and Conditions of Financing
- **3-7-10.** Financial Restrictions
- **3-7-11.** Security

### SECTION 3-8. GOVERNMENT COMPONENT

- **3-8-1.** General
- **3-8-2.** Community Services
- **3-8-3.** Area-wide Planning and Development
- **3-8-4.** Government Reviews
- **3-8-5.** Governance
- **3-8-6.** Fiscal Impact
SECTION 3-9. MANAGEMENT COMPONENT

3-9-1. Policy
3-9-2. Discussion
3-9-3. Pre-application Proposal
3-9-4. Application
3-9-5. Monitoring

CHAPTER 4. PROCEDURES FOR OTHER FORMS OF FEDERAL ASSISTANCE

SECTION 4-1. MULTIPLE FORMS OF ASSISTANCE

4-1-1. General
4-1-2. Determination of General Eligibility

SECTION 4-2. SUPPLEMENTARY GRANTS

4-2-1. Program Description
4-2-2. Purpose
4-2-3. Requirements
4-2-4. Priorities
4-2-5. Procedure

SECTION 4-3. SPECIAL PLANNING GRANTS AND LOANS

4-3-1. Reserved
4-3-2. Eligibility
4-3-3. Amount
4-3-4. Funds

SECTION 4-4. PUBLIC SERVICE GRANTS

4-4-1. Reserved
4-4-2. Eligibility
4-4-3. Amount
4-4-4. Funds

SECTION 4-5. INTEREST DIFFERENTIAL GRANTS

4-5-1. Reserved
4-5-2. Eligibility
4-5-3. Amount
4-5-4. Funds
SECTION 4-6. TECHNICAL ASSISTANCE

4-6-1. Purpose
4-6-2. Eligibility
4-6-3. Funds

SECTION 4-7. DEMONSTRATION PROJECTS

4-7-1. Purpose
4-7-2. Eligibility
4-7-3. Amount
4-7-4. Funds

SECTION 4-8. URBAN PLANNING ASSISTANCE

4-8-1. Application to New Communities
4-8-2. Relation to Special Planning
4-8-3. Procedures for Application

SECTION 4-9. SURPLUS LAND FOR COMMUNITY DEVELOPMENT

4-9-1. Statutory Authority
4-9-2. Program Description
4-9-3. Purpose
4-9-4. Eligibility
4-9-5. Establishing Fair Value for Use
4-9-6. Planning
4-9-7. Disposal Process
4-9-8. Related Programs of Other Departments

SECTION 4-10. OTHER FEDERAL ASSISTANCE

4-10-1. Introduction
4-10-2. Policy
4-10-3. Programs

APPENDICES

Instructions for Loan and Guarantee Assistance

Instructions for Appraisers
Model Letter Expressing Willingness to Consider Application
Model Offer of Commitment
Model Board Resolution Authorizing Offer of Commitment
Model Project Agreement

Exhibits:
A - List of Documents Comprising the Application
B - Affirmative Action Program
C - Excerpt from Developer's Certificate of Incorporation
D - Form of Share of Special Stock
E - Form of Certificate of Actual Costs
F - Labor Standards Clauses
G - Development Plan

Model Trust Indenture
Model Board Resolution Authorizing Execution of Agreements
Model Agreement with Shareholder of Developer
Model Closing Memorandum
Outline of Performance Report
Summary of Basic Grant Programs Eligible for Supplementary Grants
New Community Regulations
OMB Circular A-95
HUD Circular 1390.1 (Departmental Policies, Responsibilities and Procedures for Protection and Enhancement of Environmental Quality)
HUD Circular 1390.2 (Noise Abatement and Control: Departmental Policy, Implementation Responsibilities, and Standards) Appendix 16

Relocation Regulations Appendix 17

NTIS Instructions and Examples Appendix 18

Regional Office Location and Jurisdiction Appendix 19