mizing costs is essential to the social success of new communities.

Flexibility for future development may turn out to be only a strategic consideration, of greater or lesser importance depending on the location of a new community with respect to existing centers and stable markets. Careful and thoughtful development of a nationwide location policy for new communities may remove this design consideration from immediate concern.

In the final analysis the most important objectives are those that focus on the individual and the role of city form in his life: range of choice, diversity of forms and adaptability to economic growth and development. Conflicts should be resolved in favor of these objectives under all circumstances. The design of new communities should above all re-emphasize the importance of man rather than reduce his sense of individuality and personal value as do many poorly planned existing cities. New community design should provide for, and encourage, a general rise in residents' aspirations and higher standards of individual comfort and well-being in the future.

Control Over Technology

New communities also offer an opportunity for man to assert his control over the development of new technology. It has been alleged that science and technology are out of human control and that technology rather than man determines the direction of human development. Experimentation with innovative technology in new communities will present the chance to harness technology to serve human purpose. Planned technological achievements can be directed to serve the objectives of new communities.

New communities offer unique possibilities for incorporating new technology into their design. One justification for building some new communities is that they would serve as demonstration projects and final testing grounds for technological innovations. Some innovations probably cannot be fairly tested in existing urban areas because only marginal changes can be made there.

A number of feasibility studies are now underway, or have been recently completed, which provide information indicating which technological improvements should be studied further and subjected to testing, evaluation and demonstration. Among these are the HUD-conducted New Systems of Urban Mass Transportation Studies; new communities feasibility and design studies being conducted by the University of Minnesota and Harvard University; and Massachusetts Institute of Technology's Project METRAN.

Other technological studies, intended to show how lower cost housing can be economically produced, could lead to demonstrations in new communities. Similarly, results from studies of new public utilities and service technology (sewer, water, energy, recreation and education) could be applied in selected new communities.
4 New Style Health, Education and Social Services

Although many innovative physical elements of new communities will be created for the first time, the people who will inhabit new communities will bring their old selves with them. They will bring the same needs that they would have any place else. Not all of these needs will be satisfied by new structures and a new physical environment. Whether new communities will satisfy human needs successfully will depend in large part on how well they provide the services that are required to assist their residents to achieve their full potential as individuals.

The ability of new communities to achieve more than a basic service system will depend upon the particular opportunities and problems of each new settlement, the objectives that are set and the national and regional policies that are established to exert whatever level of force is required to implement those objectives. The public, private and voluntary sectors all must assist individuals to achieve their potential in new communities.

Emerging Concepts of Community Service

Federal and state legislation increasingly reflect the concept that the achievement of an individual's full potential is a right rather than a privilege. This policy implies that the community not only has the responsibility for removing the conditions which might prevent or limit a person from sharing in whatever advantages the community offers, but gives the community the further responsibility for actively assisting him.

The very gradual acceptance of this policy is being slowly translated into action programs such as Operation Head Start. The subtle but dramatic change in the scope of community responsibility for its social service and education systems has been accompanied by a broadened definition of the needs of people, and of those resources which are, or should be, actively incorporated into the community service system. The rapidly rising level of expectations in America also is spurring redefinition of the community's role in meeting social needs.

Although much significant progress has been made in stop and start fashion, it is likely that the definition of need will continue to widen and create broader objectives which, in turn, will demand newer approaches dependent upon more substantial use of resources. New communities will offer opportunities to test the new concepts in comprehensive health, education and social services planning.

The Opportunities for Better Services

Because of the size and innovative character of a new community, its needs will receive a degree of attention likely to be disproportionate to the number of people who will be housed in it. This attention should be encouraged by the imaginative planning of new communities. Good planning will permit the development of services that deal creatively with the demands likely to be placed on the community. And there is reasonable assurance of large-scale, long-term economies.

If the many administrative and funding resources for planning, acquisition of resources, and provision of services which presently exist at all jurisdictional levels can be combined in planning new communities, there is a chance to move substantially beyond anything yet accomplished.

The opportunity is far greater than in existing communities, where interested groups are more likely to be tightly circumscribed by the inertia of past commitments and established approaches, and where the physical structure hinders or precludes constructing properly located facilities designed for new functional approaches. If, for example, this new form of community succeeds in more closely relating place of work and place of residence, a dramatic chance will be presented for integrating programs for adult education, cultural enrichment, vocational training and work study programs through the schools, the place of employment and the home from their beginning stage.

Even a cursory review of only federally assisted programs indicates scores of applicable resources to assist those doing the social, health and educational planning. In the area of health, required expertise and advice can be drawn from those state and regional planning bodies charged with responsibility for: comprehensive health; hospital and related medical facilities construction; programs for the mentally retarded; community-based mental health centers; and the regionalization of the knowledge, equipment and personnel concentrated in medical centers.

Financial assistance for the construction of facilities to house health services are available in many forms. The Federal Housing Administration insures mortgages for group medical practice clinics and nursing homes. HUD and the Office of Equal Opportunity provide grants and loans for neighborhood service centers. And HEW provides grants for construction of hospitals, rehabilitation centers, public health and mental health clinics and directly pays for
a number of medical care services to eligible groups in the home, the hospital, the clinic, the school and the place of work. If all of these supports can be drawn together and supplemented by innovative programs such as a voluntary credit union to provide low interest loans for medical care or a private health insurance program designed for the subscription of residents, then the base of a truly comprehensive health care system can be established.

Again, viewing only federal assistance programs, a similar breadth of opportunities may be seen for social services and education which might draw upon the financial and technical assistance programs provided by such diverse agencies as the Office of Education, the Department of Labor, and the Department of Defense.

**Major Problems**

Given all the potential opportunities presented by new communities, extraordinary organizational and planning efforts will still be required to take advantage of them. The contemplated size of new communities may require developers to go to the more slowly developing areas of the country where large tracts of land can be obtained. These locations may not be well equipped with an economic base, personnel and experience to meet the complicated demands of an incoming urban population.

The building of a service system of the required scope and scale will be a slow task. As low density areas, or even established communities which could serve as the nuclei of new communities, become hosts to new populations (at perhaps an unprecedented rate of growth), they may be hard pressed to fund and develop an adequate level of standard services. This is of particular concern because of the many competing demands for local public funds to create an infrastructure and the traditional forms of community facilities.

A second complication stems from the need to establish an effective working relationship between the private developers who initiate planning, constructing and marketing the physical elements and the appropriate government, voluntary and private agencies which must be responsible for establishing the service system. The fragmentation of the many responsible groups could make it difficult to form an effective alliance. With a few outstanding exceptions, the dealings of developers with government have concentrated on land use controls and provision of basic facilities with little attention being given to the programming of services. This gap could result in freezing service programs for a future population around approaches that are even now recognized as inadequate. The closing of the gap will be dependent upon the ability of regions, and even states, to more rapidly move ahead in attaining an organizational and technical capacity for planning service functions and for achieving effective coordination.

**Four Influential Factors**

The relevance of the general opportunities and problems outlined above for any one new community will be influenced primarily by four factors and the interplay between them. These are: the composition of the new community’s population; the location of its settlement; the existing form and powers of organizations having jurisdiction over its area; and the schedule for its development. Analysis of these interrelated factors will generally indicate the ability of existing organizations, or the need to create new administrative machinery, to undertake each of the requisite tasks.

The composition of the population, as determined by the housing and employment opportunities provided, will indicate the type, scope, and approaches of services required to insure their effectiveness. It will also indicate the distribution of responsibility for funding their development. For example, if a totally new population group, or a disproportionate number of one group as compared to the area’s present population (such as a poverty group or the aged), were introduced into the area so that the existing population pyramid would be radically changed, a whole new mix of services would be necessary and would require a different proportional spread of costs than already exists. This composition, viewed with the population already in the area at the beginning of planning for the new community, will begin to quantify the adjustments required to the existing pattern of services.

The potential population composition of the new community is obviously a factor crucial to determining the required service system. The high mobility of the nation’s population makes this a difficult estimate to establish with precision. It seems realistic to accept the developer’s estimate of the characteristics of the future population and its schedule of arrival only as objectives, and not as precise indicators. Even if there exists an administrative procedure for correction of estimates based on monitoring of progress, this situation could force the creation of a “safe” service system which might by choice or chance, be designed to serve “average needs,” rather than a system more sensitively designed to meet the respective needs of different population groups.

The location of the new community in relation to other existing population centers and their resources
is an important indicator of which services the community will have to provide for itself, or draw from its region, at various stages of its development. A new community which is located on the outer fringes of a metropolitan area’s suburban ring might, for example, be able to draw upon these communities’ hospital or high school services for some of its families. The existence of educational, counseling, recreational or cultural services in an established community might allow some form of regionalized extension of services to the new community without a radical change in the basic service system.

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The pattern of jurisdiction and the powers of government, private and voluntary organizations in the area where the new community is located will be a major indicator of whether it will be possible to fund the development of services preparatory to the arrival of residents. This pattern will also be an indicator of whether or not there exist authorities (such as an areawide hospital planning council or a regional economic development commission) with the inclination and ability to stimulate persons or organizations with resources to undertake the required planning for needed services.

A new community located within the jurisdiction of a regional education authority may have some of its education programs funded in the initial stages from the tax base of established settlements; an option that might not be available if the town were located in a township with a limited economic base. Similarly, if the new community were located in a state where public assistance was the state’s responsibility and was provided on a uniform basis throughout the state, the new community could rely completely on that source for assistance to its eligible residents. Where this is a matter of county responsibility, the county may have neither the ability nor a broad enough standard of eligibility to provide adequate assistance. A new community located within the jurisdiction of a voluntary health and welfare fund-raising area could be eligible for some of these services; one which was located outside such an area might well have to establish its own voluntary agency system.

The schedule of the development for the new community is the final major factor which, when viewed with the others, completes the dimensions of the potential opportunities and problems of any new community. The schedule of development will be the indicator of how rapidly the community will be able to build to the required scale to provide differential services and approaches for different population groups, and this will determine the required timing for drawing upon different sources of funds and resources.

Many of the contemplated new community projects have an established goal of providing a range of housing and employment opportunities to satisfy the needs of all income, age and racial groups. This goal demands that the scheduling of the arrival of the population must be adjusted sensitively to the development of a broad range of services that go beyond present norms in existing communities in addition to being related to the development of housing and employment opportunities.

The way in which the implications of these influencing factors add up will be the best indicator of the ability of existing or new administrative and funding mechanisms to develop a comprehensive service system for a new community. It is this knowledge which will reveal the validity of the underlying concept of each particular new community or of alternative new community types.

The State and Federal Roles

The state must assume a substantial portion of the responsibility for the agencies involved in serving new communities because it is in the state that existing government authority for social services derives or remains. The functions of the state include at least some responsibility for every category of service and, directly or indirectly, the state will be one of the major funders and will have some role in the planning and provision of social services.

The broad economic base upon which the state can draw for its revenues exceeds that of any other single community within it, thus affording it the best opportunity to ensure adequate financing of many aspects of the service system in the new community’s initial phases. This wide economic base gives the state the power to redistribute resources as will be required for a new community development. Past experience suggests that urban and suburban communities will neither be able, nor voluntarily willing, to transfer funds when some of their service recipients move to other areas, or to invest in a new settlement pattern which, in the long run, might relieve them of some of their case load or at least stabilize growth.

The gradual growth in power and ability of the states to undertake statewide planning for each functional service and for economic and physical development enforces their strategic advantage as a central focus for supporting new community development. This capacity also puts the states in the best position to define and implement a rational pattern of statewide population distribution.
Underlying the successful execution of this responsibility by the states is the assumption that they have the ability and the willingness to accept it. This assumption could be moved closer to reality by a strong national policy for population distribution backed by strong federal support in three areas.

The first form of federal assistance, without which the other two would have limited validity, is a national effort to continue to build viable, adequately financed administrative programs to implement such social enactments as the Social Security Amendments of 1965, the Older Americans Act of 1965, the Economic Opportunity Act of 1964, and the 1965 Education Act. Such action is necessary to transform emerging social policy into new opportunities for all people of the country.

The second, which also applies nationally, would be a continuation of those programs which encourage the state's full participation in implementing national social policy. Such support is illustrated by the Comprehensive Health Planning Act of 1966 which provides for block grants, assistance for comprehensive health planning, and options for the assignment of federal personnel to augment state manpower.

The third form of federal assistance required should be one that relates to new communities directly. This should be based on federal authority to redirect parts of relevant grant-in-aids, perhaps with a bonus incentive, to assist adequate program development for new communities by public-private-voluntary coalitions. There are already several programs, some with bonus incentives, directly applicable to new communities. However, these apply to limited aspects of physical rather than service development, and they are administered on an ad hoc basis and not through a framework relating them to the total form and content of a new community.

The number of new community types likely to be developed, and the number of options for forming a responsible administrative coalition, suggest that any program of national assistance to new communities must recognize a variety of valid approaches. A series of performance criteria rather than rigid standards would best determine the validity of each approach.

The type of federal assistance established for the Model Neighborhoods in Demonstration Cities Program suggests a desirable direction: provision of planning and implementation standards which must be met if a project is to be eligible for regular, redirected or incentive federal funds; the initiative of how to meet these standards is left to the required administrative coalition. In the case of new communities this coalition would probably be organized by the state.

The guidelines established to carry out such an approach for planning and developing health, education and social services in new communities should insure:

- a realistic set of objectives for the composition of the population and their schedule of arrival
- a community service system which will be comprehensive in scope and use of regional resources
- program budgeting based on all funds potentially available from the different sectors of the community, including individual residents
- the inclusion of citizen involvement as soon as new residents begin to arrive in planning activities; and prior to that time the broadening of the focus of the developer and government officials beyond their own interests and goals; and
- a method for the transition of the public-private coalition into a viable administrative mechanism which will consolidate rather than further proliferate the jurisdictions which will have continuing responsibility.

The alternative to a concentrated effort to support planning for the full range of new community services is to set out to construct new communities with the de facto goal of establishing settlements with less adequate services than can and should be provided.
Building New Communities

The numerous new communities currently projected or under construction in the United States now have one thing in common: they are being planned, financed and developed by the private sector. The results of the private sector's efforts to develop new cities are not significant to date when compared with the challenge of accommodating the escalating population explosion in our existing cities.

Only some half dozen new communities are being developed for 100,000 people and even fewer are taking advantage of the opportunities for innovation that present themselves during the creation of a new city. There is also the highly publicized financial plight of some of this country's most touted new community projects to be considered.

This is a time when serious doubts are being raised in both the private and public sectors concerning the ability of private enterprise to undertake alone the mission of creating new communities in a national context. This context might include new metropolitan communities for 250,000 to 500,000 people in undeveloped regions of the United States as well as hundreds of smaller satellite towns for more than two hundred existing metropolitan areas.

To erase those doubts, there must be a joint effort between the public and private sectors to develop new communities. Each has unique assets to bring to the task and a responsibility to confront the problem. Private enterprise has investment capital, professional and entrepreneurial expertise, a privileged position in our ideology, and a necessary measure of freedom to move and operate without constant public involvement. Partly because of this freedom, private enterprise traditionally has been viewed as the initiator of projects.

Government, particularly state and local government, has powers which private enterprise lacks: the traditional police power, the power of eminent domain and the power to tax. Local government has experience in providing a variety of public services and facilities. Federal government has the responsibility for setting out national policy, formulating assistance programs and developing program guidelines.

In addition, one should ask what planners can be expected to do in the development of new communities. The answer is that their work should touch all parts of the development process. In Section A of this chapter the four relatively distinct ways in which planning talents and skills may be used in the new community effort will be discussed. This will be followed in Section B by a consideration of the private sector's role. This section deals specifically with: 1) the problems to be confronted and the profits to be made by the private sector in developing new communities; 2) the types of private participants now engaged in new community development; and 3) the particular interests of various developers in new community investments.

Turning to the public sector, Section C first examines state legislative powers and responsibilities regarding new community development, including the financial contributions states can make to such a program. The chapter concludes with a discussion of the role of local government in providing the physical framework for services in new communities.

THE PLANNER'S ROLE: FOUR WAYS HE CAN SERVE

First, the planner must participate in developing and supporting the required national policies necessary to create the number of high quality, successful new communities envisioned by the American Institute of Planners. Comprehensive as well as specialized planning inputs will contribute to the development of sound and properly interrelated policies. Essentially, this means the planner's viewpoint must be effectively presented in the secretary's office of each federal department and by the major advisory policy councils and academies of the nation.

Next, the planner may take the broad role of the entrepreneur, developing basic ideas and bringing together the required factors of production. Because new communities have social and political objectives as well as economic ones, the planner who functions in this way may be seen as a social entrepreneur. As a social entrepreneur a planner may work for himself, forming new companies, or he may work for public or private corporations interested in planning and building new communities.

As an entrepreneur a planner must have the confidence of the financial backers and the policy body. He must have managerial and administrative talent in addition to vision, insight, logic and the ability to comprehend and order the objectives, elements and interrelations of new community development.

Public agency planners may play another role. They are expected to express the public interest in providing guidelines for new community development.
Matters of importance to the larger community (city, county, metropolitan area and state) relating to the development of a specific new community should be the concern of the public agency planner. Analyzing the impact of the new community on its region is his responsibility. He must study the impacts of such issues as the location and scale of regional facilities including transportation; the location and scale of the new community itself; and the effect of the new community on the region's ecology, economy, political life and social conditions.

The planning specialist may also play a fourth key role. Emerging planning specialties in program-planning, site planning, facilities systems planning, economic planning, social planning and urban design should contribute to the total plan for a given new community. Such specialists could be employed by public agencies or by the new community developer. In most cases planners will be members of teams along with specialists in many disciplines: psychology, finance, marketing, communications, systems analysis, administration, architecture and engineering and others. The multi-disciplinary approach is essential to deal with problems as complex as the total development of a complete new community.

THE PRIVATE SECTOR: BUILDING NEW COMMUNITIES PROFITABLY

To create a new community, thousands of acres of land on the threshold of urban growth must be acquired, typically from numerous landowners. The land must be managed until it is developed. Its uses must be planned, and a myriad of legal-political approvals obtained prior to implementing those plans.

Capital for both land acquisition and planned improvements must be secured. Roads, sewers, water lines, parks and other amenities must be constructed if the new settlement is to attract housing, jobs and institutions for the health, education and welfare of future residents. And from the moment the decision is made to create the new community, the administrative machinery to operate and maintain a new urban environment must be assembled.

A large investment of time, dollars and talent is required: at existing prices, for example, it might cost $100 million for the land and public facilities to accommodate 100,000 people; it would require the capacity to manage a multi-functional organization and to solve an array of social, political and economic problems over a development cycle of 15 to 20 years.

As a private business venture the development of a new community constitutes an effort to create and retain urban values on rural land. Profits from creating new urban values are expected to be commensurate with the investment in time, money and human resources and the risks of failure.

The Key To Making A Profit

There appear to be three major opportunities for profit:

1) Long term returns from land. Land value appreciation begins almost immediately with zoning which signals the development potential. It increases sharply with the initial installation of public services and continues to build as housing and jobs create an urban community. Rural farmland, for example, acquired for $1,500-$2,000/acre may be worth $4,000-$6,000/acre once the land has been appropriately zoned, and $25,000-$50,000/acre once it has been improved for urban development.

2) Short-term returns from housing. A new town for 100,000 people needs approximately 30,000 dwelling units of which 20,000 typically would be built for sale. While unit profit margins vary widely, at $2,000/unit—average the potential return from housing construction and sales would be $40 million.

3) Long term returns from income producing properties. When fully developed, a new community for 100,000 people with a market area reaching beyond its own boundaries might include 2.0 million square feet of office space and 3.0 million square feet of retail space. At current pretax yields of $.25/square foot for office space and $.50-$1.00/square foot for retail space, the cash flow available would exceed $2 million annually. In addition, there probably would be 10,000 apartment units for rent, each with a $200 average net return, or $2 million annually. The effective returns from long term income-producing property are significantly increased beyond these figures by depreciation allowance which may shelter net income. Also, the 25 per cent capital gains rate can be applied in lieu of the much higher corporate or personal tax rate when the property is sold.

Several critical factors are involved in realizing these profits. The capacity of the land is determined
both by its physical suitability for desired uses and by the allowable density as established in the zoning for the property. Density is particularly critical since profits can usually be increased with more intensive land development. Development costs—land, public services, taxes, interest on borrowed money, etc.—must average out at a level to allow sales prices that will capture a large enough share of the housing and job markets. A premium is placed on concentrated rather than scattered development and on management procedures that will keep the project on schedule and within predetermined budgets. The pace of development must produce returns fast enough to hold peak debt and carrying charges on borrowed money to tolerable levels. Financing arrangements must allow for both the peak debt and the delayed repayment of very heavy initial commitments for land, planning and improvements so that sufficient revenues can be generated to sustain the development pace and retire the debt. In the example used of $100 million for land acquisition and initial development, perhaps $40 million would be spent before any revenues were generated. Costs would continue to accrue at a faster rate than revenues even after sales and rentals had begun. The peak debt might reach $50-$60 million.

Types of Participants

Four types of participants in the private sector will have to undertake the tasks and profit opportunities in new community building:

1) Lenders/Investors: Commercial banks, insurance companies, savings and loan associations and large national corporations are the major sources of funds for new community development. The financial institutions are principally interested in deriving steady, current returns. They usually serve as lenders for individual projects within the new community (which might require as much as $1 billion for 100,000 people). Financial institutions are, however, beginning to show an interest in making loans for land acquisition and basic improvements. When they participate in these initial high risk stages, they usually demand an equity position in order to share in eventual profits and key management decisions. Besides the greater rewards in this arrangement, financial institutions have begun to realize that long term real estate ventures provide a hedge against inflation for their overall investment portfolio.

For large corporations that have traditionally been in the business of consumer products, new community development presents an opportunity for capital expansion and diversification into a new form of investment, as well as a potential market for their products. In some cases note agreements with large corporations have included provisions for the right to supply a particular building or consumer product in the new community.

2) Builders: Much of the housing in a new community is completed by small homebuilders with experience in producing for a specific market segment. Their interest is in short term returns from housing construction and sales. They invest little equity, but realize adequate profits by building and selling in a four to six month period, turning over their equity and talent two to three times a year. Larger builder/developers build and rent apartments, retail and office space, and industrial facilities to derive longer term cash flow. Like the homebuilder, they invest little equity in these income-producing properties. They realize adequate returns for their time, talent and risks from rental income, depreciation shelter and eventual sale of the property as a capital gain.

3) Technical Consultants: Thousands of organizations sell their services and expertise in an array of disciplines. For planners, architects, engineers, lawyers, market analysts, contractors, sociologists and other behavioral scientists, development of a new community presents a very tangible market for their services.

4) Community Developers: These are a new breed of participant that assembles and manages all of the tasks necessary to develop a new community. They seek to create urban values, retaining as large a share of earnings as is possible.

Developers' Interests

The developers' motives for engaging in the uncertain and complex task of developing a new community vary widely depending upon their previous position in the private sector. Landowners whose holdings are strategically located relative to urban growth patterns may recognize the land's short-term and long-term income potential and undertake development. Their action may be prompted by a developer's interest in the property or by rising property taxes.

Large builder/developers can see a chance in the community building process to broaden their activities, or to provide a sounder base for their existing business. A large homebuilder, for example, could be assured of a steady stream of developable lots. Large national corporations with available cash and
management find it in their interest to assume the broad role of community developer to create new markets for their products, to diversify at a time when anti-trust laws may limit much greater expansion in their own fields, to gain a depreciation shelter for other corporate income, and to claim capital gains returns from long term income-producing property when and if it is eventually sold.

THE PUBLIC SECTOR: STATE AND LOCAL POWERS

The states historically have been the keystone in the federal system of government. However, except for a few isolated cases, the states have not assumed the leadership role which they originally reserved for themselves. Consequently the federal government has provided the mechanisms and the funding for more and more of the services demanded by the people.

Now state governments must realize that they have the responsibility and the power to make special and significant contributions to new community development. Within the national settlement and development framework, state attention is required to implement regional growth policies. State governments must be more responsive to territorial planning needs in sub-state regions. Federal incentives are available, but action must come from the states.

State Legislative Powers

Individual states can contribute to new communities development by reviewing the requirements for governing new communities, developing non-restrictive enabling legislation and delegating to local governments the authority required for them to effectively plan, develop and govern new communities.

In the past, state legislation which established the limit of local authority has been permissive or enabling. In many cases the limits of this authority have been too restrictive and have kept local governments in a subservient position waiting for the state legislature to give them more power.

If states are to aid the new community, they need new legislation. State governments can and should provide models of legislation for the local county or multiple jurisdictions that wish to sponsor public, private or joint public-private new community development in desirable areas. Or a broad draft of such legislation can be drawn up by a small task force which first examines local governmental powers and duties required to upgrade community development standards. This should be an interdisciplinary group having knowledge of planning, politics, administration, economics, sociology, budgeting, public safety, public works, and general government. This group could be under the auspices of the Advisory Commission on Intergovernmental Relations.

The draft legislation can be adapted to state requirements and passed by state legislatures. It will be necessary for members of such a task force to meet with the governors and legislative leaders to explain the objectives of the new communities policies and the basic provisions of the draft legislation.

State enabling legislation also helps to establish a framework for the private sector in relationship to new community development. For example, private utility companies need state legislation in order to use eminent domain for transmission lines. In some instances, state enabling legislation can be made flexible enough to permit private enterprise to experiment with new approaches to developmental problems including the controlled use of eminent domain. The legislation must permit private companies to use the newest products and to take advantages of rapid technological changes.

State agencies have been given powers and duties which enable them to make a significant contribution to new community development. This enabling legislation can and should be used to foster imaginative development within a state.

Included in most state agency legislation are responsibilities for action as well. State social service agencies such as mental health, welfare, health, corrections, and employment security can and should provide public services in the new communities. By bringing these arms of government close to the people in the new communities, preventive and rehabilitative services can be provided.

State education legislation and funds can be used to improve education services in new communities. A few states already are providing local areas with expanded educational funds, services and facilities. New systems of primary and secondary education as well as new community and technical colleges can add to the attractiveness and competitive advantage of new communities.

No one will question the influence which state highway departments can have on new communities. In many cases, it will be desirable to expand state legislation relating to highways to include other forms and
modes of transportation. Planning for total transportation requirements of new communities can be facilitated by organizing unified state transportation departments.

State Planners' Role

State planning agencies engaged in comprehensive planning can play an important role in the community development process. The agencies with imagination and political acceptance can get involved in significant state policy formulation. Those agencies which have a direct relationship with the governor's office probably will be at the center of any new communities action.

Planners at the state level can aid in the choice of appropriate sites for new communities. Effective state planning agencies have developed population and economic analyses which are useful in site selection. Planning for new communities will be enhanced where mature state planning agencies have acquired data on the broad range of state governmental activities. With increasing frequency state planning enabling legislation requires the coordination of functional state agency plans, and on occasion there is the responsibility for federal assistance, clearance or knowledge. All of this can aid those in the public and private sectors engaged in the development of new communities.

Often state regulatory devices have been restrictive to the point of removing desirable flexibility in the private sector. In the establishment of state agency powers and duties through legislation the states frequently have regulated to the point where new community development is not possible. State regulatory legislation for insurance, corporate structure, health, banking and public utilities can be unduly constraining in new communities development.

Another type of state legislation important for new community development is delegation of the police power. In most cases the states have delegated through enabling legislation some regulatory functions to local governments. Examples are zoning, subdivision regulations, housing codes, building codes and plumbing and electrical codes.

New community development can be stifled by zoning provisions that do not allow a mix of land uses in residential areas, or that require, through setbacks, that all building be placed in the middle of lots. Building, plumbing and electrical codes that require traditional materials and construction practices do not allow for cost-saving or design-improving innovation. Zoning can better aid new community development if it has “planned unit district” and “land use intensity scale” provisions in it. Building, plumbing and electrical codes should specify performance standards. Such provisions allow the design flexibility necessary if new communities are to become high quality environments.

If a task force is given the job of working on local government enabling legislation, it can also assist in the review of the necessary regulatory legislation which is delegated by the states. State agency powers and duties can be reviewed by the state agencies involved from the standpoint of their specific influence on new community development. If a governor supports the new communities concept, he can expedite new regulatory legislation by an executive order.

Land Assembly Critical

One of the most important elements in new communities development is land assembly. State governments must enact the necessary legislation which will permit the use of the power of eminent domain for land assembly. State agencies may be able to use their land assembly powers for new communities. In certain cases it may be necessary for the states to pass land assembly responsibility on to local or statewide development authorities.

No local government has yet exercised a land assembly function for new urban development, though many cities have assembled land for redevelopment. A strong county government or a large city using extra-territorial powers might be able to perform this function if granted the necessary authority to acquire land for development. A development corporation, specifically endowed with the powers and organization needed to develop a new community, will be even better qualified.

A local government or development corporation capable of assembling the land can also perform such functions as grading, construction of dams, installation of water and sewer lines and construction of major roads. Some of these functions might also be performed by other local units such as special districts or by the state government.

Revolving funds for advance planning and advance land acquisition can be established by the states. Delaware has already established programs of this type. In that state a fund has been established by legislation, with the State Planning Office designated as the recommending agency and the State Budget Commission as the administrating agency. A request for a project is received from a state agency by the State Planning Office. If the project is justified, conforms with the comprehensive plan, and is a part of the capital program, a favorable recommendation is made.
The agency then receives the funds for either advance planning or land acquisition. (There are two separate funds.) When the agency receives the necessary legislative authorization for the project and when the bonds are issued for the full construction, the original cost of the project is returned to the fund thus making it revolving.

The same type of program can be established for new communities or projects within the community. In the case of public projects, federal funds can be matched with state and local funds and the revolving fund reimbursed. For land acquisition for private development, the revolving fund can be reimbursed upon the sale of the property.

State Financial Responsibilities

Many opportunities for indirect as well as direct state financial contributions to new community development exist. Most of these have been fully explored but seldom is the full impact of the state contribution to local development felt because only single approaches are used.

It seems especially appropriate in the case of new community development to use several of the direct and indirect state financial programs in a concerted effort for maximum effect. It may also be desirable to merge private, federal and state financial programs in new community development.

The states themselves have adequate methods of taxation to provide funds for new communities. The problem is the reluctance of state legislatures to use the means that exist for collecting additional state revenues. As private corporations are formed for the purposes of new communities development, states may need to provide tax relief to business and industry. This may be in the form of tax rebate, deferred taxation or tax waivers.

State operational budgets and capital programs should give high priority to state agency programs that have new community application. State governments can and should establish loan and/or grant programs that could be used to match federal grant-in-aid programs in the areas of housing, water and sewer systems and transportation. In all probability, it will be necessary to form a public or non-profit development corporation to accept this type of state financial assistance. In most cases, additional state legislation will be required to put such a program into effect.

Local Government Powers

Once the land for a new community has been acquired, a formidable task lies ahead: establishing the basic physical framework for the future urban development. A major component of this framework is what is often referred to as the “urban infrastructure.” The phrase generally refers to the total complement of physical structures and facilities which provide the “backbone” for services which are vital to a community’s health and general welfare.

Included are the water and sewer systems, the basic transportation network, the open space system, the basic utility networks (telephone, electric power and natural gas) and a host of structures which are often referred to as “community facilities”—police and fire protection facilities; education and health facilities; refuse collection and disposal facilities; and community civic and recreation centers.

Traditionally, the provision of public facilities has been viewed as the province of a local government. Usually a municipality or county constructs and owns the facilities. However, in many cases the local government that is the potential host to a new community is ill equipped, financially or organizationally, to assume this responsibility. In addition, since many of the currently developing new communities are being sponsored by private corporations, the installation of these facilities is often viewed as the responsibility of private enterprise which has an investment to protect. The corporation does the work under franchise and supervision by a public body.

The host local government has an inherent interest in the public facilities provided in the new community. First, the facilities—and the services rendered through them—must be related to the existing framework for which the host local government is already responsible. Second, the local government has a basic responsibility for meeting the needs of all its citizens.

If the residents of the new community are citizens of the host local government, they will be entitled to services from that government. Furthermore, residents already living in the area will expect to benefit from the facilities provided in the new community, even though they do not live within its boundaries. This will be true particularly if the range and type of facilities in the new community are superior to those existing in the host jurisdiction. Should this be the case, the host local government will actually be serving the interests of existing residents by participating in the installation of the new communities public facilities.

Range of Facilities

One of the first decisions to be made by local government and/or the developer regards the range and level of facilities to be provided in the new community. Certainly the transportation and water and
sewer systems are necessary, but can open space and recreation facilities be justified? Public facilities usually have been built by local governments in response to urban growth. Work was done in stages starting from what were considered “basic facilities” (such as water and sewer systems, transportation, and police and fire protection facilities) to those that were considered “social amenities” (parks and open spaces, recreation, civic and cultural facilities). This staging was not necessarily planned progression, but was the result of increasingly competing demands for limited financial resources. Those facilities which were judged the most vital to the health and general welfare of the residents got initial priorities. The “social amenities” had to wait.

This approach, however, is unacceptable for new communities. A major reason for the development of such new settlements is the provision of a better urban environment than is available elsewhere. One implication of such a policy is that a full range of public facilities will be part of the community from the outset. This means that the investment responsibility of host local governments must increase drastically.

In this context, the distinction between “basic” public facilities and “social amenities” is meaningless. A park is just as important as a school. The water system and a civic center are equally important to the welfare of the residents. Each is a necessary, integral part of the total environmental fabric of the new community. Each must be planned, designed and installed as an operational unit before the new community begins to functions as a place to live.

All of the facilities listed above are vital to the functioning of a viable new community. They are critical to its desirability as a place in which people would want to live because the new community will be in competition with other areas for potential residents. And finally, the facilities are indispensable to the control of the rate and direction of future growth in the community. A major difference between the comprehensively planned new community and most large scale subdivisions is well-articulated urban form. The transportation, water, sewer and open space systems especially are key factors in determining when and where urban growth will occur and what form it will take.
6 Impediments to New Community Development

In the previous chapter the nature of the planner's role and the roles of the private and public sectors in new community development were discussed. In this chapter, the most critical problems confronting planners, government and private enterprise are presented in an effort to pinpoint the bottlenecks that hamper new community development in the U.S. today.

The Planning Process

Improvements to the planning process must be made if successful communities are to be planned and built. The current planning process at all levels of governments suffers in four important ways.

First, planning often is not recognized and treated as the executive staff function which it must be. The executive develops and recommends the budget; therefore he must control planning. Proper budgeting cannot be done without appropriate planning. In bringing planning directly under executive control, planning and budgeting will assume equal significance and will be formally interrelated. The question has never been whether to plan. It is how to plan. Planning is done in every instance. Good planning is done in very few instances. Planning is merely making decisions and taking actions that affect what happens tomorrow. Good planning insures that those decisions and actions are properly interrelated. The task becomes increasingly complex as government responsibilities grow to meet society's needs. If governmental decisions required for new communities development are to be as consistent and informed as possible, it is important for a planning staff to answer directly to the chief executive of a government.

Inadequate citizen participation in the planning process is the second major deficiency. Citizens, as individuals and through groups, should be engaged in the tasks of goal formulation, review of final plans, and monitoring development to determine how well goals are being met. Having the planning process visibly open and planners directly answerable to the chief executive will serve to make planning more sensitive to citizen critiques. It will also serve to increase political accountability for plans since the chief executive will be more identified with the planning function.

The third major deficiency is the technical quality of the plan-making process. Improvements to technical staff planning procedures must be made. Two types of improvement can be made. First, wider dissemination of existing standard and innovative plan-making techniques should be undertaken. Planning standards and study techniques used successfully in the United States and abroad should be catalogued, publicized and shared by all interested parties. Design criteria developed for one new community may be applicable for another. In any event, the design process should be codified to a greater extent and made more widely available.

Research is the second means of improving the technical quality of the plan-making process. Missing or particularly weak links in the design process should be identified and included in a research program. A definitive list of research topics cannot be stated here. Codification of the design process would be a way of identifying the required research.

A fourth deficiency in the planning process is that government does not use all of the development controls and incentives available to it. If such controls as the property tax, capital gains taxation, housing codes, official map ordinances, coordinated programming of all public facilities (including those for education) could be counted on for implementing plans, the task of new community development could be made easier. The relationship between land development and some of these potential tools is known and well documented. For others the relationship is less clear. Some research is obviously merited in this area.

AIP considers the case clear for the use of the property tax, housing codes, official map ordinances and the programming of public facilities. Additional research into the relationship between them and land development is not required. What is required is passage of appropriate legislation and adoption of proper administrative practices so that, at a very minimum, these measures do not work against sound development of new communities. It is desirable to forge these measures into positive tools to encourage sound new community development.

LIMITATIONS AFFECTING PRIVATE ENTERPRISE

Even though the need for a joint effort by government and private enterprise in new communities construction is widely recognized, such ventures are not well established. The questions is why? Some of the reasons are examined below.

1) Current methods of financing land acquisition
and development are inadequate. It is difficult to arrange financing for land acquisition and infrastructure costs that provides sufficient capital and flexibility to make the heavy financial commitment necessary in new community development. This is partly due to the nature of land development. Compared to other real estate investments, the long term returns from land development require larger fixed capital outlays and greater risks.

The $50-$60 million peak debt, cited earlier as required to launch a new community for 100,000 people, represents a fixed investment that can be recovered only through the sale of land and development of income producing property. Fluctuations in money markets, general downturns in the national economy, inaccurate estimates of pace or sales price, labor problems, or any number of other factors that cannot very well be controlled within the framework of the project can seriously affect the rate at which land acquisition and development costs can be recovered. A study of community building published in 1967, The Community Builders, Community Building As A Business, by Edward P. Eichler and Marshall Kaplan, showed, for example, that land sales prices ten per cent below those projected can reduce the rate of return on land acquisition and development to approximately one-third that projected with "normal" sales prices.

The requirements of high peak debt and uncertain rate of repayment run counter to traditional attitudes toward financing real estate ventures. Most financial institutions are prohibited by law from making loans involving any sort of land speculation. The proportion of their investment portfolio devoted to real estate ventures of any sort is restricted by law, and regulations concerning cash reserves limit the total pool of dollars. But more important, their investment objectives usually require consistent, predictable current returns (typically they pay annual dividends to stockholders). When financial institutions make loans for land acquisition and development, they require conventional terms which stipulate a fixed schedule of repayments with principal and interest often due during the critical early stages of development. This drains the developer's initial cash flow, increases his peak debt and severely hampers his ability to wait for returns which is essential in financing a new community.

2) There is no vehicle by which private enterprise may acquire land for new communities on a rational basis. Except for the occasional accident of a large parcel of land in the hands of a single owner who turns new community developer, it is almost impossible to acquire land for new communities on a rational basis; that means a rational size, shape and location, at a rational price and with a rational arrangement of rights to the property. In most areas of the United States, perhaps with the exception of California, acquiring a parcel of land to accommodate a new community for 100,000 people necessitates negotiating separate land deals with dozens, even hundreds, of individual owners. Sequential purchases from numerous owners on the open market make it difficult to hold the average per acre cost of land to a level that with the cost of infrastructure will allow competitive land sales prices and an acceptable profit.

It is possible for the developer to move further from the urban fringe where land prices are lower, but these savings may be offset by higher infrastructure costs, slower pace, higher material and labor costs, and greater difficulty in attracting housing and jobs. Sequential purchases of land also make it difficult for the private sector to assemble a parcel of land that is contiguous or has a configuration that permits good land use planning and efficient staging of development. Landowners quickly learn of impending plans and choose to hold out until the urban values are created around them.

Land acquisition is further complicated by the broad nature of "land" and "acquisition." Frequently, buildings as well as crops, livestock and extractable natural resources are involved in acquiring land for a new community project, and in negotiations are treated by the owner on different terms. It is not uncommon for new community sites to be negotiated on the basis of development rights, tenant lease agreements, options or "life estates" which require the owner or certain livestock to die before the property is free for development. These complications increase the uncertainty and risk to the investor.

3) The capacity of local government to supervise and serve the creation of a new environment is limited. To begin with, local governments are not usually equipped with the type of zoning and development standards that permit the density, diversity and flexibility required to plan and execute a single project on thousands of acres of land at a rapid pace over a great number of years. The new community developer may spend several costly years drafting and "selling" appropriate zoning to a local jurisdiction. To complicate matters, he is usually an outsider with no power base of his own, while the local public officials are in a position to politically lose the most by the changing in voting structure that the new community will bring about.

Once appropriate zoning and development ordinances are finally obtained, local governments do not
usually have the organizational structure to expedite the myriad of public approvals normally required by the private sector in the planning and development process. A public jurisdiction structured to process plans and permits for one or two hundred dwelling units a year is suddenly asked to process plans for one to two thousand dwelling units a year in addition to documents for miles of roads, sewers, lakes, etc. For the developer, delays in public approvals can cause serious risks and costs, particularly during the critical early stages of development when financial exposure is the greatest. Consider that the carrying charges of 6-8% on the $50-$60 million, cited earlier as the peak debt required to launch a new community for 100,000 people, amounts to approximately $10,000 per day!

Finally, local governments, bounded by law and politics, are usually not inclined or capable of preservicing a new community project with infrastructure and amenities at a quality and pace required by the private developer to attract housing and jobs. Politically, it is difficult for local officials to increase taxes across their jurisdiction to meet the demands of the "newcomers." The ability of local governments to finance costly improvements through tax exempt bonds is restricted by state laws that govern local government debt capacity on the basis of existing rather than projected tax base. As a result, the private sector must bear the cost of major components of the physical facilities system for a new community that would be the financial responsibility of local government if the area were to develop by "normal" processes of urbanization. In addition to financing the infrastructure, the private sector may be forced to devise methods to finance certain public services in order to compete with development in or on the fringe of existing urban areas where the level of public services is higher than in most rural areas.

Without appropriate governmental structure, pace, cost, risk, return on investments, level of financial commitment, all of the factors critical to private sector investment, are adversely affected.

4) No private enterprise institution with adequate financial and managerial resources has yet been formed with the business of new community building as its central mission. Although expected population growth should make this the highest of the growth industries, urban development is still the province of thousands of small builders and developers with neither the financial capacity nor the organizational scale to attract major lenders.

There is the new breed of community developer, but none of the three types mentioned can yet undertake new community building on a broad scale. Land-owner developers are characterized by a lack of real estate and management experience, a slow pace of development since they do not have substantial carrying charges to spur them, and by definition are confined to one project. The new community builders with extensive real estate experience are typically undercapitalized and understaffed. Large corporations, on the other hand, with extensive capital and expertise to develop the kinds of systems and procedures necessary to manage the building of a new community, lack experience in real estate. Some national corporations are attempting to overcome this deficiency by acquiring builder-developer companies through stock transfers and other methods. One difficulty they may not be able to overcome so easily, however, is the problem of achieving the economic and decision-making flexibility required for land development within a corporate framework where land development is only one of several major functions that must line up for capital and the attention of top management.

5) There is a lack of public policy for regional development. Although new communities are conceived within a regional context and depend on regional markets to succeed, private enterprise is not able to plan and implement new communities within well articulated and administered policies relating to regional land use patterns, infrastructure, taxes and major public facilities. For example, to obtain local zoning it is often necessary for the new community developer to accept a project wide density that is close to the existing allowable residential density of the local jurisdiction. This way the developer can argue that the new community will not substantially increase the number of dwellings and related costs that would eventually develop in spite of the new community project. As a result, new communities in the United States are often planned and built to extraordinarily low densities determined by local political expediency rather than sound physical or economic criteria developed in a regional context.

Small builder-developers rush to locate on the very edge of new communities to capitalize on the new community developer's heavy investment in infrastructure and amenities. The builder-developers pirate urban values and capture part of the market essential to bring the new community through its critical early stages. The private sector cannot afford to acquire a protective belt of land, and there is no regional land use policy that guides development.

Property taxes represent another area of public policy that lacks a regional context. As a result, taxes sometimes place a severe economic penalty on
the organization developing a new community. Local governments will often move to tax new community land at its potential urban value as soon as it is zoned. This can considerably increase the carrying charges on the land and concomitantly the early financial risks already involved in the land acquisition and development process. The tax bill on a 10,000 acre site, for example, could be either $100,000/year or $1,000,000/year depending on whether it is assessed at farm or zoned values.

Some of the costs and risks associated with the lack of regional land use and tax policies might be alleviated if there were well articulated, well scheduled and well administered policies for the provision of regional infrastructure components (reservoirs, sewer treatment facilities, public mass transportation) and major public facilities (hospitals, government research and development facilities, educational institutions and the like) that could be used to seed a new community with jobs and to create a magnet to draw other uses. Too often, however, the private sector must fight an uphill battle with opposing regional public facility plans, or the uncertainty that stems from the lack of regional planning.

6) Private enterprise new community development is a new business in which there is little acquired experience to guide the participants. No organization in the United States presently engaged in new community development would claim to command really satisfactory management procedures and systems to totally control the complex array of tasks required to build a new community. Cost control, quality control and maintenance of schedules, critical in the race between costs and revenues, are problems that continually endanger most new community projects.

Because new community development is a relatively new business, the private sector has also been hampered by a lack of key personnel with the experience and/or background to assume the multi-disciplinary tasks of developing a new community. There is not yet a pool of "whiz kids" for city building or for that matter does the community industry have a management core comparable to the $100,000-$250,000 per year directorates that guide most other major industries in the United States.

Financial failure, absence of key personnel, lack of adequate controls, all the things that might be expected to characterize a new industry, help account for the lack of investor interest in new community development. Many of these problems will be overcome as a greater body of knowledge and experience is built up. In addition, the fragmented structure of the new community industry has thus far prevented information transfers among those participants who are developing both experience and techniques in the field.

New Framework Needed

Clearly, new community building by the private sector has been hampered by limitations in its own structure, lack of experience, and conservative investment objectives as well as inadequate public policy. As part of a national urban policy, new communities in undeveloped regions or satellites to existing urban centers are not possible until such constraints are overcome.

The private sector does have the potential to marshall the ingredients critical to new community building: the skills to actually plan and build the components of a community; the ability to organize and manage complex enterprises; the methods to determine consumer demand and to market products; the capital to invest; the initiative to innovate; and, through the location of private industrial activity, the means to build an economic base for a new community. For this potential to be realized, a broader framework is necessary to integrate the structure and interests of private enterprise with the tasks and profits of new community development.

This framework must provide opportunities for small builders to participate without depending on the chance that a new community developer will undertake a project in his particular area; it must assure the private sector that it can develop new communities in a regional context and that its investment will be protected and allowed to mature. The framework must provide a means for assembling land that has a rational configuration, unencumbered by legal restrictions and sensibly located; it must recognize the need for adequate government machinery and regulations to keep pace with the demands of an urban scale of development.

It must offer more and better opportunities to combine the dollars of private lenders and investors who lack the time, experience, talent or inclination to undertake the tasks of new community development with the large community building corporations that may emerge and be able to invest the necessary time and talent but lack sufficient funds. And finally, this framework must be responsive to the fact that each potential new community project presents a different set of problems and opportunities depending upon its location, size and purpose.

The Title X mortgage insurance program is an attempt at creating this framework, but it directs itself to only one of the difficulties we have dis-
cussed—land acquisition and development financing—and is limited to insuring $250 million of loans for all new communities over the next five years, and no more than $25 million for any one project. In addition, terms for repayment require that outstanding principal be paid as lots are released rather than allowing early revenues from land sales to be used for further development until the pace of sales can sustain development and retire debt. For larger projects this is critical, and may help explain why in the first 18 months of the Title X program, only four loans totaling 634 acres were insured.

Probably the most serious shortcoming of the Title X program is that it leaves the possibility of new community development in the United States to the chance that a sufficient number of organizations will emerge from the private sector that can marshal the land, the time, the dollars, and the talent to meet the potential demands for hundreds of new communities. Various types of organizations must be shaped to test the potential of the private sector to deliver new communities. At least four major types of systems come to mind. The first is the private sector operating principally on its own as it does now. This has limited possibilities, but it certainly cannot be ruled out. There are indications that the private sector may produce in the coming years a few large corporations that will be able to marshal the financial and organizational resources to proficiently build new communities. At the other end of the public-private scale, state or local land development authorities might acquire land, plan and construct the basic infrastructure for a new community and then sell various sized parcels to the private sector for further development.

In between these two alternatives is the possibility that a joint venture could be arranged in which a state or local development agency would acquire the land and make available monies from public programs; the private sector would undertake planning and development on a fixed fee basis, perhaps with the right to develop commercial or other income producing property after the land is improved. Finally, a publicly chartered land development corporation could be formed and capitalized by public and private investment in stock carrying voting rights and providing dividends as the new community matures. This COMSAT type corporate might then work with a state or local authority to develop a new community.

PROBLEMS OF LOCAL GOVERNMENTS IDENTIFIED

While many of the problems in new community development lie in the sphere of private enterprise, some of the more severe ones are problems related to local governments. The ramifications of these problems are broad. Some lie in the inherent philosophy or structure of government, others in traditional methods of financing large capital improvements.

One reason why local government has not initiated the development of new communities lies in its basic philosophy and traditional role as a service corporation. Most investments of tax dollars are decided entirely on the local government's ability to identify and measure such a need. Meeting currently demonstrable demands is a major concern of most local governments. In rapidly growing areas, the governments are attempting to build a physical plan which can shoulder the burden of growth. School construction and operation, recreation facilities, and street and highway projects are major concerns.

Recent federal legislation has put more emphasis on the need to provide facilities to meet projected needs over a span of years. In particular, the 1962 Federal-Aid Highway Act and the 1965 Housing Act, which in part addresses itself to basic water and sewer facilities, strongly encourage local governments in metropolitan areas to use the planning and programming approach to meet future needs.

If local governments are to play a role in developing new communities, a new logic and approach must be applied to the provision of public facilities in such communities. Installation of facilities must be based upon a determination of policy rather than a determination of current demonstrable need. The facilities must be installed in order to encourage future development, not to serve the needs of existing development. This will mean a reorientation of philosophy. Local government must be able to put itself in the role of the initiator. In some cases, such a reorientation may require legislative or organizational changes.

The cost of installing such public facilities in new communities will be great. It is likely that local government's traditional methods of financing these large capital investments will be inadequate to meet the needs of new communities.

Two methods of financing public facilities which have been popular with local governments are general obligation bonds and the use of revenue certificates. General obligation bonds are retired through taxes levied against all property owners and are backed by
the full faith and credit of the political jurisdiction issuing them. The use of general obligation bonds often requires an approval of the voters of the jurisdiction through a referendum. In addition, there is generally a limitation placed on the amount of debt that can be incurred by the local government with this type of financing.

Revenue certificates are secured by pledging the anticipated revenues of the facility being financed. Revenue certificates are not subject to the debt limitation ceiling placed on general obligation bond financing. On the other hand, only a few selected public facilities actually produce revenues which can be pledged to secure revenue certificates.

From the standpoint of producing large sums of capital that can be utilized in installing public facilities in new communities, both methods of financing have drawbacks. First, the debt limitations placed on local governments obviously restrict the borrowing capacity of the jurisdiction. Thus, it may not be possible for a local government to finance with general obligation bonds concurrent projects that would serve both existing development and a new community. Second, the need to go to the voters for approval of a bond issue before general obligation bonds can be issued may cause a problem in new community projects. It may be difficult to convince the existing residents of a jurisdiction to pay for facilities in a new community where they do not live, even if they are to be partial beneficiaries. The problem with revenue-certificate financing of these facilities is that few of them are revenue producing. While this method might have some merit for the installation of water and sewer facilities, for others it would be unavailable.

One of the facts of urban life that a local government often faces is its lack of control over certain public facilities and services. Theoretically a unit of local government has governing authority over a comprehensive range of facilities and services. However, this is frequently not the case. Local governments are confronted by a host of independent, ad hoc authorities that install and operate public facilities and provide the public services. Water and sewer facilities are often the province of a special authority or district rather than the responsibility of the local general government. Schools are often under an independent school board. Parks and recreational facilities, too, are often under the control of a special purpose agency.

This division of responsibilities and functions can complicate the public and private task of providing public facilities and services in a new community. The entrepreneur may discover that, rather than having a single partner speaking for the public interest, he has several—each of whom retains a large measure of sovereignty over selected public facilities. In such cases, the problem of achieving cooperation and coordination is compounded immeasurably.

In order for the joint venture to work effectively, a mechanism must be created to overcome the lack of coordination that exists within the local government. Perhaps the ultimate solution might be a merging of the functions of independent authorities and agencies under the responsibility of the unit of general local government. However, it is unlikely that the development of a new community will be the vehicle to effect such a merger.

Short of this change, some ad hoc mechanism will have to be relied upon to provide the type of coordination that is necessary. In all likelihood, such a mechanism will develop under the joint sponsorship of the local general government and the state government. Equally likely, the federal government will have to encourage such an arrangement through financial inducement and administrative regulations.

Two Basic Problems

To assist local government in overcoming their problems in financing public facilities, a series of federal aid programs have been established in recent years. Some seventy programs deal in differing degree with the provision of these facilities. Of these, however, only a small percentage can be brought to bear on the specific problems of financing public facilities in new communities.

Most of these programs provide federal grants which can be used to match monies raised by local governments or other public agencies. The matching formula generally ranges from 50 per cent up to 90 per cent in the case of grants for interstate highways. A few of the programs provide low interest loans or federal mortgage insurance on loans.

There are two basic problems inherent in these federal aid programs. First is the lack of sufficient funds. Rarely do appropriations reach a point where the supply of money for the total variety of urban public facilities will approach the demand for it. As an example, consider some parts of the country where only approximately one out of every ten applications for federal aid to acquire open space land can be funded by the Department of Housing and Urban Development due to continuing shortages of money.

Second, these programs are administered by an often bewildering variety of federal departments and agencies, each with its own set of administrative
regulations. For most of the programs, the primary federal departments involved are HUD, Health, Education and Welfare, Agriculture, Interior and Transportation. In addition, agencies such as the Appalachian Regional Commission are involved with programs which are of potential value in providing public facilities to new communities in certain geographic areas.

Often there appears to be a certain degree of confusing overlap between the programs and their administering agencies. For example, federal grants for water supply and sewage disposal facilities are available not only from the Department of Housing and Urban Development, but also the Departments of Agriculture and Interior. Financial assistance for transportation facilities is divided between HUD and DOT. Some programs are available for urban facilities and services in urbanized jurisdictions, while others are available for improvements in facilities and services in more rural areas. New communities, however, may be located in the rural outskirts of urban areas and, by the very definition of a new community, must offer urban facilities and services not traditionally provided in rural areas. Few of the existing federal aid programs will be available to aid a local government in coping with this type of problem.

Overcoming these obstacles to urban facilities in new communities will be a major task in itself and obviously must be accomplished at the national level. Inadequate appropriations are a continuing stumbling block for many domestic federal programs, one that must be resolved by the Administration and the Congress. The scattering of these programs among several departments and agencies will be one of the more difficult problems to solve. Perhaps a separate but comprehensive program administered by a single agency is needed to aid in the installation of public facilities in new communities.
7 Policies, Programs and Actions

The American Institute of Planners strongly supports creation of comprehensively planned new communities as a new dimension in the American urban experience.

Events of recent summers prove that the pressures on the poor and minorities in American urban and rural ghettos must be relieved. Alternative environments must be provided for harassed residents of deteriorating central cities. Unstructured urban sprawl characterizes the outer edges of our metropolitan areas where monotonous suburbs are mushrooming. Alternative environments must be provided also for disenchanted suburbanites who seek a sense of community as well as increased amenities.

Planned new communities represent a major alternative to current conditions. The AIP considers the federal government to be the key mover in developing the incentive and the momentum necessary for a national effort. Private initiative is also critical. AIP encourages private enterprise to plunge into full-scale new communities development now. The AIP Task Force believes the private sector's knowledge should be utilized to the maximum extent. It is crucial that the private sector be involved from the beginning as the federal government prepares a national settlement policy and commits federal resources to a new communities effort.

An interim federal action program to support and further encourage private development of new communities in the next two years must include the standard resource instruments already at our disposal: grants-in-aid, credit support (direct loans, loan insurance, secondary mortgage, market operations) and technical assistance.

A NATIONAL SETTLEMENT POLICY: KEY OBJECTIVES

The country urgently needs a national population distribution policy as stated in Chapter One of this report. A national settlement policy should cover such basic concerns as:

- overall distribution of the population on the land
- location and shape of existing and proposed urban concentrations and a balanced mixture of government-supported economic activity within them
- identification, acquisition and preservation of the most desirable recreational, agricultural and national resources areas contiguous to the existing and new urban centers.

The principal objectives of such a policy should be:

- creation of new settlement patterns to relieve pressures on existing urban areas and distribute the nation's population more rationally
- provision of a wider range of choices in living locations and accommodations for individuals and families in keeping with the principles of a democratic society
- realization of national and social objectives, especially in the areas of health and education, and improved overall quality of life through use of new techniques, materials and design in comprehensive planning of the environment
- provision of new employment and business opportunities for residents of central cities, suburbs and rural areas, particularly those living in or having businesses in areas of chronic unemployment and commercial decline

Of course, a national settlement policy must derive from more general economic and social development policies. More specific policies such as those for area redevelopment and new communities should be derived from such a settlement policy.

In short, there exists a hierarchy of policy levels. Each higher level must be fully developed before a lower level policy can be derived. Moreover, policies at the same level in the hierarchy must be developed together.

Special concerns of a broad social policy prerequisite to a settlement policy should be equality of opportunity, justice, reduction of poverty and limits to the bargaining power of various interest groups. Important considerations of economic policy planning preceding formulation of a settlement policy should be national economic growth and the regional incidence of national economic development.

Parallel derivative policies must be developed at the same time as a national settlement policy in the fields of transportation, natural resources, human resources, housing, education, health and public welfare.

In terms of location of new communities, a national settlement policy must support alternatives to the expansion of metropolitan agglomerations, and the development of unplanned megalopolises which grew in a national policy vacuum. The AIP strongly believes that one-third of all new community growth