

# ROUTING SLIP

HUD-28 (3-71) USE PREVIOUS EDITION UNTIL EXHAUSTED ★ GPO : 1971 O - 423-558

7/23/75

New Communities Administration

Checklist of  
Problems and Legislative Proposals

- A. Burdensome costs: high front end and carrying costs due to large scale, long development period, and local development requirements.

1. Smaller projects.

To reduce costs, while presumably retaining most of benefits, the University of No. Carolina (UNC) report, the PD&R report, and the Appropriations Committee (AC) report, recommended consideration of smaller projects or PUDs. Specific legislation is probably not needed but clarification of intent of Congress might be advisable. Ashley "Prologue" to UNC report notes there were no limits on scale or "infilling" use of Title VII.

(Note: the Title X, large-scale land development "Options Paper" suggests drafting new legislation as one option.)

2. More governmental support

a) Financing

Capitalization of interest for Title VII loans?

Does it require legislation?

AC report recommended clarification of the "intent of the interest loan provision in the legislation so as to remove the considerable



confusion that presently exists."

Possible need to raise \$50 million project limit (for Woodlands).

b) Land and infrastructure costs.

The Columbus report\* concludes that the new community concept requires public land acquisition and provision of infrastructure. Ashley Prologue to UNC report points to "need for local governments to finance acquisition and infrastructure development of the land (in all forms of eligible new communities) ..."

Title VII contains nonimplemented provisions to aid public acquisition and development. Sec. 802 of '74 Act (Federal guarantees of State housing or development bonds) might be amended to provide a broader authority. Neither may ~~will~~ be a sufficient incentive to attract States or localities into creating statutory authority and agencies.

Title I grants should be monitored to assure adequacy to assist in provision of infrastructure facilities, etc. If the new community share of the 2% fund is judged insufficient, we may want to propose alternative arrangements. The "Costs of Sprawl" study has established the fact that

\*Report of Panel on Title VII New Communities Program, June, 1975 draft; Academy for Contemporary Problems, Columbus, Ohio. The report was prepared for Congressman Ashley.

new community developers bear a larger share of land development costs than do conventional subdivision developers--which should justify adequate Federal grants\*

c) Planning costs.

Already authorized in Title VII.

3. Special areas.

a) New-Towns-In-Town

Title I grants should be adequate Federal support. Sec. 802 of '74 Act might help.

b) Free standing or growth center new communities.

The Appropriations Committee report and the Ashley Prologue in UNC report argue for more experimentation with these types of communities. The community development requirements for resource development (off shore oil, deep water ports, oil shale, etc.) provide more urgent support for experimenting with, if not establishing, a Federal capability to support these types of new communities. Title VII theoretically has adequate authorization. However, new legislation might have strategic value as well as value in resolving such potential problems as:

\*AC recommended consideration of amendments to provide "sufficient funds for major infrastructure items so the new communities can be competitive with normal developments".



New source of funds. Free standing communities will probably require more subsidy in the form of grants or other financing. The use of fees assessed against resource industries to create special funding, as illustrated by H.R. 25, the sustained vetoed strip mining bill, may be a useful model.

Additional institutional options. Although it would be preferable to work through private developers and State and local governments, it may be necessary to have optional authority to create special intergovernmental "corporations" to sponsor these towns. Some historical precedence exists for Federally sponsored new towns in "isolated areas" in such provisions as Title IV of the Defense Housing and Community Facilities and Services Act of 1951 (Repealed a year later). A stronger Federal hand may be particularly appropriate on Federal lands.

This would seem to be the most promising area for legislative initiatives, and a special project to develop it should be authorized. Note: (1) CPD has a consultant developing a "handbook" related to this subject; (2) NCA research package for '76 included a study of this.

#### B. Equity capital.

The idea of a new institution modeled after the Housing Partnership was intriguing. However, we understand the Housing Partnership already has sufficient authority to invest in new communities.

C. Lots are too expensive; the costs of amenities, especially, may create competitive disadvantages for new communities. (The UNC study emphasizes the need for new communities to offer a price competitive product).

No specific legislative proposals.

D. LMIH and "social" requirements.

Need to test adequacy of Sec. 8 housing.

Title I grants could be used to make payments for costs incurred by LMIH families.

No legislative proposals.

E. Lack of innovation.

PD&R report concluded that innovation is a major justification for the program and should be supported with grants. Columbus report recommended Federal incentives as rewards for innovation in land development. AC report recommended consideration of amendments to emphasize "experimental character" of Title VII projects and to furnish "sufficient financial and technical assistance" for innovative programs.

Special new legislation would probably not be acceptable or necessary, but these findings and recommendations would justify a larger allocation from Title I funds, including the innovative fund.



F. Difficulty in establishing the economic base.

Current research project may result in legislative recommendations.

G. Lack of State and local government support and/or presence of resistance.

AC report recommends exploring ways to encourage States to establish special new community districts or authorities. Columbus report proposed an option to replace present Title VII to include incentives "for Public Development Corporations at the State and local level for land assembly, provision of infrastructure." Ashley Prologue makes strong point of need for State, Regional, and local involvement.

No specific legislation has been proposed. Title VII already contains authorized incentives, but an NCA legislative proposal in 1973 would have made grants available to support the administration of State development agencies.

H. Preservicing.

The Columbus report finds a "role for pre-serviced land development in U.S. urban policy", but UNC report notes the chicken and the egg dilemma of preservicing new communities in advance of a supporting residential population.

Richard Anderson has proposed an extension of Title VII to authorize a limited use of Title VII loans to support the advance provision of income producing facilities, such as

shopping or industrial buildings. This would "risk" additional Federal funds but, presumably, reduce project risks by improving marketability.