

competition for new community developments, thus reducing their development pace and "capture rate" of metropolitan growth. In Europe control of peripheral development reduces this competition.

- (7) There are many metropolitan areas which do not have developers who (a) are willing to undertake balanced new communities and (b) have the financial, technical and administrative ability to plan and execute them. It will take time and effort to motivate and train an industry which has been accustomed to operating on a much smaller scale on a single site.

Until this is done, viable new community applications should tend to cluster in the real estate markets which have shown the highest growth.

There may be many areas which need new communities, but are unable to find competent developers to carry them out.

- (8) Finally, a problem with metropolitan new community development is the difficulty of private developers in acquiring "hold out" parcels at reasonable prices. Many new community plans have been distorted by the inability of the developer to purchase certain key parcels.

Frequently, the plan is distorted to match the land parcels which are available.

c. Overcoming Limitations

There are several actions which could be taken to make new communities play a more positive role in shaping urban development. Of course, some of these actions have implications extending far beyond new communities. Among these are the following:

(1) Governmental Problems

A first priority has to be to reduce the potential friction between the local government and the new community. This might be approached in several ways. The first way would be to fund the public service grants authorized by Congress. This would be aimed directly at the source of the problem: meeting the initial impact of the new community on the schools. If this program is unacceptable for other reasons, a European solution might be tried, which is to pay a subsidy as part of an "overspill" agreement to the local jurisdiction for persons relocated from center city renewal. Such a payment need not be tied to renewal. It could follow other principles, such as being tied in with low and moderate income housing, regardless of where

residents of this housing come from. For every unit of low and moderate income housing, or every child in such housing, a flat fee could be paid by the Federal government to the locality, part of which might go to the developer, to insure that the services and amenities are adequate and provided on an equal basis. This fee would continue for several years, until the tax base in the new community is sufficient to pay for these services. There would be no restrictions on how this money would be used.

Another critical and more basic measure would be the conditioning of Federal assistance for community development (through special revenue sharing or otherwise) upon local governmental and fiscal reform. A large part of the "701 program" could be used for studies to encourage this reform. The states would play a key role in this effort, which might include, for example, obtaining power to abolish and consolidate inefficient local units of government, power to establish elected regional governments to pass upon zoning and other matters which are statewide and regional in nature and obligating the states to pay a major portion of the cost of

education through state income tax or other sources' on an equal basis consistent with recent court decisions on the inequities of paying for school costs out of local property tax.

It will take years for such reforms to be instituted. In the meantime, state legislation might be enacted, along the lines encouraged by the Administration bill "National Land Use Policy Act (S. 992)", establishing state jurisdiction over zoning matters which are of state and regional importance such as new community zoning. Intergovernmental bodies might be created to deal with matters of common interest. For example, a special commission might be established composed of local officials, local citizens, state officials, representatives of minority groups, and center city officials to hold hearings and to pass or reject proposals for new community zoning. If zoning were approved, state or Federal revenue sharing would be adjusted under an equitable formula so that the burden of the new community would not be excessive.

- (2) With or without local governmental reform, efforts should be made to improve the effectiveness of

land use control around cities. Once again, S. 992 is aimed at this objective by moving to higher levels of government land use control for zoning of more than local significance.

Part of this effort should be a pilot demonstration in two or three metropolitan areas (hopefully, where new communities are located) in the application of land banking techniques. Whether land banking and the creative use of governmental land purchase and resale is or is not a threat to the building industry remains to be demonstrated, and until the answer is clear, Congressional concerns with this concept will continue. These concerns were expressed in the legislative history of the new Legacy of Parks Program and other programs providing for acquisition of land to shape urban growth.

(3) Assisting Smaller Development and Existing New Communities

To avoid the situation where new communities may be damaged economically, where they are the only developments which are integrated by both race and class in a metropolitan area and to help accomplish Secretary Romney's desegregation

objectives, some new communities assistance programs should be enlarged to embrace both planned unit developments and new communities. The new legislation would completely supersede Title X of the National Housing Act. Guarantee and interest loan assistance under Title VII would not be extended to developments which lacked an industrial base or were too small to qualify as new communities. Supplemental, public service and planning grant authority, however, would be available where there was a demonstrable need. The requirements of the Act with regard to balance of housing, affirmative action, environmental protection, consistency with area-wide planning, sound planning, governmental approvals, etc. would apply to small as well as large developments. There would be explicit provision for combination with renewal authority of these smaller developments for in-city projects.

The HUD Area Offices would administer the program under guidelines established by the Board of Directors of the New Community Development Corporation, but the Board would not pass on projects of less than community scale. Simplified procedures for processing applications from smaller developments would be initiated.

This effort would have the added benefit of assisting smaller developers and builders who cannot qualify for current Title VII benefits. It would benefit non-metropolitan and smaller metropolitan areas where no larger builders are in operation, and permit in-filling of land around industrial parks and shopping centers which are too small for new communities but which would otherwise be desirable for locating housing near jobs and shopping. It is possible that over a period of years more people could be accommodated in these smaller developments than in large new communities. This is the case in England which has had the most advanced new communities program. A broader range of options for desirable and socially responsive living environments would be offered.

The current policy of using interest loans to assist existing new communities should be followed to insure that the social objectives of the Act are brought to bear on some of the 63 large developments and new communities counted by HUD in 1969.

Other techniques might also be employed to achieve the purposes of the Act without assuming credit risks. One such technique is the use of Federal categorical grants or special revenue sharing to assist developments which are willing to meet the purposes of the Act with regard to affirmative action and balance of housing. This would be particularly useful for existing new communities which had adequate debt financing. A special demonstration proposal along these lines has been proposed by an existing new community. It is now under consideration by HUD.

(4) Social Problems

If racial integration in suburban new communities is only moderately successful because of self-segregation of center city blacks or rising hostility of local suburban governments, HUD might consider a full range of small and large developments within and directly adjacent to existing center cities or smaller towns which may, in fact, become predominantly minority projects (perhaps sponsored by minority developers). Thus, HUD would have, in the words of the current Director of CORE, "separate contracts" with

minority groups which stressed integration and those stressing separate identity. Minority residents would have a full range of options with regard to new communities: they could move to a suburban location (either a new community or a PUD), they could locate in a "transition area" on the border of the black and white areas, or they could locate in new towns-in-town in the existing minority enclaves. This policy would apply only to new communities within or immediately adjacent to existing settlements. All developers would have to follow a policy of non-discrimination and affirmative action; however, it is recognized that, in fact, this policy would not always be effective due to the effect on the project of existing settlement patterns and values. This approach is supported by the draft MARC report on the social components of new communities as well as many leaders of the black community. It has obvious application to Indian settlements.

To the extent that there are either public or private developers who can do the job, a full range of these developments could be tied together in a regional system, much as in the

"Hartford Process" or they could be "paired" in the manner proposed by the Metropolitan Fund in Detroit, so that services in these various developments could be linked together.

Such a regional system could realistically accommodate the need for upward mobility in places with certain smaller developments near blue collar employment or in the central city having a higher percentage of low or moderate income housing. Such developments would have intensive manpower and educational services and be specifically aimed at improved behavior patterns to increase employability, reduce crime, and increase family stability. Preparation would thus be made for the eventual movement to other parts of the regional system of new communities. This proposal would recognize that some of the fundamental inter-group conflicts arise, not because of bigotry, but because of conflicts in behavior patterns. The Metropolitan Applied Research Center draft report has indicated that integration should not be difficult if either race or class is held constant; however, it is a more