

Annual Report *McLaughlin*

cc: NCDC Files 7137/Chrn 7110
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William J. White, New Community Development Corporation

1978 Annual Report - New Community Development Corporation

Attached is the New Community Development Corporation
submission for the HUD 1978 Annual Report.

General Manager

Attachment

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Palmer

1978 Annual Report - New Community Development Corporation

The New Community Development Corporation (NCDC) administers a program of Federal guarantee assistance to private and public new community developers to finance land assembly and development costs necessary to carry out long-term, balanced new community development. These communities are mandated to make substantial provision for low- and moderate-income housing and to meet other social, economic and environmental requirements. Since the Corporation was created in 1970, 16 new community projects have been determined eligible for program assistance. Of these, 13 have received guarantee assistance, two have received Certificates of Eligibility for grant and housing assistance other than guarantee assistance and one is expected to receive a Certificate of Eligibility during 1979.

Many of the new community projects have experienced financial difficulties. As a consequence, no new projects have been approved for guarantee assistance since 1975, and NCDC has concentrated its resources on resolving these financial difficulties. Such efforts include strengthening those projects with the potential for new town development either by reorganization or acquisition, interim management by NCDC, disposition to new developers, or acquisition and liquidation of those projects which cannot be developed as Title VII new towns.

In 1978, the Secretary, acting on the recommendation of the NCDC General Manager, initiated a plan to reform and convert the NCDC program. The plan calls for the dissolution of the Corporation by January 1981, with its functions assigned to another HUD program office. Four of the 13 projects receiving loan guarantee assistance will be liquidated, three others will be acquired for disposition to new developers, and the remaining seven will continue to receive HUD support while their financial plans are restructured to better suit their long-term needs.

Projects which have been or will be acquired for liquidation are: Flower Mound, Texas; Gananda and Riverton, New York; and Newfields, Ohio. Projects to be acquired for disposition to new developers are: Jonathan and Cedar-Riverside, Minnesota; and Park Forest South, Illinois. Projects receiving loan guarantee assistance which will continue as full-scale new towns are: Harbison, South Carolina; Maumelle, Arkansas; Shenandoah, Georgia; Soul City, North Carolina; St. Charles, Maryland; and The Woodlands, Texas.

The other three projects determined eligible for grant assistance under the Community Development Block Grant program and eligible for HUD housing assistance are: Radisson and Roosevelt Island, New York, and Park Central, Texas. An offer of eligibility

was made for Park Central, a new-town-in-town development in Port Arthur, in 1978, and it is expected to receive a Certificate of Eligibility in 1979.

In 1978, NCDC filed for foreclosure against the developers of Jonathan and initiated foreclosure proceedings against the developers of Cedar-Riverside. Private firms are managing the projects in NCDC's behalf until final disposition of these projects.

1978 was a successful year for a number of new community developments in terms of production and growth. Land development for residential use increased 46 percent over 1978. Sales of residential land increased 17 percent to 2000 lots, and land development for commercial and industrial use increased 22 percent from 55 to 71 acres. Sales of such land increased 45 percent from 58 to 106 acres. Total population in the new towns increased 16 percent to 31,248 during 1978, while project-related jobs nearly doubled from 7,310 to about 14,000. Over \$20 million in grants from the Secretary's Discretionary Fund of the Community Development Block Grant program was approved for new community use in 1978. Substantial construction of housing for low- and moderate-income families was approved during 1978, with an additional 800 units of Section 8 housing committed in six new communities.

In addition to a reorganization of the program, the New Communities Administration was restructured in 1978 to better monitor new community projects and better manage and control program operations.

For the first time, an equal opportunity specialist was appointed to ensure that affirmative action goals are achieved. NCDC developed and initiated a program designed to monitor and document the equal opportunity activities of NCDC developers and to increase the participation of minority and female businesses in NCDC activities.

During 1978, the NCDC General Manager served as Chairman of the Departmental Task Force on Housing Costs, which developed in its Final Report some 150 recommendations for dealing with the problems of increased land and housing prices, and over-regulation by state, local and Federal agencies. The Secretary also named the General Manager as Special Coordinator for Housing Costs and Chairman of a HUD Housing Costs Committee composed of eight senior Departmental officials who will act on the Task Force recommendations.

The General Manager also chaired a HUD Task Force which drafted proposed regulations for the Section 8 assisted housing program for new construction and for tax-exempt Public Housing obligations which were designed to simplify and clarify the Section 8 program.

On June 28, 1974 the United States and the Soviet Union signed the Joint US-USSR Agreement on Cooperation in the Field of Housing and Other Construction. This Agreement called for an exchange of ideas between housing officials of both countries. In 1978, NCDC completed a final draft of the US portion of the first substantive joint publication under the Agreement. The publication will describe the standards for planning, and the Soviet Housing officials have approved in concept the US draft. During the year, officials of both countries completed first drafts of a second report which will describe the management of new towns.

In addition to the work on the joint publication in 1978, two exchange visits were conducted under the Agreement. In January, Soviet officials visited the United States, and in May, an American delegation went to the Soviet Union for a working group meeting.

In September, both countries agreed to terminate the new towns portion of the Agreement and to explore the creation of a section dealing with the "quality of life" rather than the quality of housing covered by the rest of the Agreement. Despite the termination of the new towns portion of the Agreement, both countries agreed to complete the publications on the planning and management of new towns.