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PROs and CONs of abolition of Title VII

~~PROs~~ PROs.

--The main feature of the <sup>Title VII</sup> program is a guarantee which the current administration wants to limit.

--Guarantee provisions have not proved to be very helpful to projects which were not economically and financially ~~not~~ viable; projects funded by the private sector in sound high growth areas did not need the guarantee.

--Title X remains as an instrument usable by the Department; although unimaginatively administered (projects assisted are no different from conventional subdivisions) it has not failed financially.

--Title VII has a bad image with the Congress, the Administration and the industry; it would be better to start all over again should a new ~~initiative~~ initiative be started.

--~~Wix~~ Although Title VII projects have been unique in that they have an income mix (unlike Title X) and (for the most part) are well integrated, the key feature of economic integration will be absent in the future because of the forthcoming emphasis on rehabilitation of existing structures for assistance <sup>ed</sup> housing and/or a voucher system. There can be no guarantee that balanced project will be undertaken.

--The ~~very~~ availability of the guarantee has attracted less than first rate ~~and~~ developers in less desirable locations because their risk has been reduced.

--The declining growth rate of SMSAs has reduced the need for satellite new communities.

--Abolition of Title VII at this point could adversely affect the the integrity and speed of ~~the existing projects~~/close out of existing projects.

It is desirable to have a ~~broad~~<sup>group</sup> of directors with expert advice.

--No one has disproved the need for new towns; now they are needed more than ever because of the energy crisis. The problem has been to undertake them in locations and scales which are financially feasible. It would, therefore, be a mistake to eliminate one possible tool for undertaking financially ~~via~~ viable projects.

--The Act need not rely exclusively on the guarantee. Maintaining the ~~act~~ for its value as certifying access to Federal funding on a priority basis could achieve the purposes of the Act without the high risk of the guarantee.

--As attested to by the low default rate of Title X, the ~~guarantee~~<sup>loan</sup> is not intrinsically flawed; the problem is that the projects guaranteed were too large for the ~~markets~~<sup>in</sup> and often in the wrong places. The use of the guarantee for smaller projects, for projects in which land was already in public or private ownership, and for shorter time periods should substantially reduce risk. Also changing the mix between grants and guarantees could reduce risk.

--Many cities of the country may be facing deep problems in the coming several years with the loss of Federal funding; the on-going mild recession could turn into a severe ~~recession~~ recession or a regional or national basis. It would be nice to have some "on the shelf" tools which could be used for countercyclical measures.

--The GAO and others have found that community development block grants are being ineffectively used because they are inadequately targetted. A properly planned and targeted program of new-towns-in-town could help focus local and private resources and overcome this weakness.



CONs (continued)

--One of the only initiatives being considered by the Administration for American cities is the enterprize zone concept wherein taxes would be reduced in selected areas to encourage industrial development; many have argued that such a concept is conceptually flawed unless accompanied by other aids. Industry ~~h~~ould not be attracted to an area in which there was a low level of amenties, inadequate infrastructure and high crime.

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A assistance program(either through guarantees or certifications) could make the enterprize zone concept more workable. In the UK many other aids are available in the EZ areas.

--Community opposition to new energy initiatives in the West could increase with the continuation of poorly planned "aluminum jungles" in areas impacted by rapid growth from energy projects; long delays could drive up project costs for ex energy extraction. Title VII could be helpful in demonstrating that attractive developments could be done in these areas.

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