

However, the size and speed of expansion of the program would depend primarily on the degree of effort that metropolitan areas and localities are willing to put forth. The supplemental grants would be available to any jurisdiction which show, as stated in the President's recent message:

That they are ready to be guided by their own plans in working out the patterns of their own development and where they establish the joint institutional arrangements necessary to carry out these plans.

Financial assistance for metropolitan comprehensive planning is available under our section 701 urban planning assistance program. In addition, a special program will be undertaken within the framework of the existing 701 program to develop new techniques of metropolitan planning and implementation. This puts into effect the President's proposal in his message of January 26, 1966, for a "series of demonstrations in effective metropolitan planning." I estimate that the total cost of this program will approximate \$6.5 million.

Last year, the Congress enacted a significant new program of FHA mortgage insurance for privately financed land development. This program has already attracted much interest throughout the country. Sixty-six proposals for well-planned developments are currently being processed.

Title II of this bill will authorize the approval of a category of "new communities" for which land could be prepared with the aid of FHA mortgage insurance under the program.

Without the benefit of such mortgage insurance, private enterprise has already undertaken the development of a large number of extensive new communities. Many of them have been planned with imagination and boldness characteristic of private enterprise at its best.

But the scale of these projects is such that only large developers can find an adequate volume of favorable financing for the site preparation. Even for them, the financing is often inadequate for efficiently scheduled land development operations, or else the cost is far out of line with the financing charges that the market demands for smaller scale land development, or for actual housing construction.

This bill will provide needed credit assistance to facilitate broader participation in these private efforts. It will encourage adequate private financing at reasonable cost for large-scale preparation of sites in well-planned communities. The sites produced with FHA mortgage insurance aid will be made available to a cross section of private builders, especially small builders. They will thus be able to participate more fully in this increasingly important segment of the housing market. If this segment of the market is lost to our small- and medium-sized builders, our new communities will lose the enormous vitality that a diversified homebuilding industry is uniquely capable of producing.

The category of new communities would consist of land developments satisfying all requirements under the existing land development program, and meeting additional standards prescribed by the bill. A development could be approved only if the Secretary determines that in view of its size and scope, it will result in substantial economies, and will contribute substantially to the sound and economic growth of the area in which it is located.