

The development of new communities is already well underway throughout the country. A number of large developers, despite the difficulties in obtaining adequate financing for these projects, and often despite very high financing charges, have undertaken to develop new communities planned with imagination and boldness that are characteristic of private enterprise at its best. As the President has said: "The private sector must continue its prominent role in new community development."

This new provision would provide needed credit assistance to facilitate such private efforts by a broader range of developers. It would 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 would be made available to a cross section of private builders, particularly small builders.

New communities would consist of land developments, satisfying all other requirements under existing title X, which meet certain special requirements. A development would be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area in which it is located. This contribution would be in several forms:

1. Substantial economies, made possible through large-scale development, in the provision of improved residential sites;
2. Adequate housing for those who would be employed in the community or the surrounding area;
3. Maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and
4. Maximum accessibility to any major central city in the area.

New communities would be distinguished from developments under the existing program primarily on the basis of the size and scope of the undertaking and the additional benefits they can offer to the consumer. What is contemplated here is land development planned on a scale that could provide a wide range of urban facilities and services, while maintaining close ties with nearby major cities. While these new communities need not be established on wholly undeveloped land, as a practical matter they would usually be found some distance beyond the nearest built-up areas because of the large amounts of land that are necessarily involved. This, in turn, would facilitate economies over and above those possible under ordinary land development, through the ability to select land in areas now largely undeveloped and yet provide needed facilities efficiently.

New communities could also more easily provide nearby industrial, commercial, civic, and recreational facilities, thereby minimizing transportation costs and efforts. They could also provide a fuller range of housing both as to incomes served and as to design. In short, by authorizing FHA credit assistance for this category of large-scale development, we would promote long-range economies in the use of our land resources, permit a greater flexibility in the private housing market and, above all, assure a greater range of choice for the home-buying public.

Several features of this new program deserve special mention. First, particular emphasis would be placed on maintaining close ties between new communities and nearby major central cities. One of the factors which the Secretary would consider in determining the approval of a development as a new community is maximum accessibility to any major central city in the area. Thus, along with the present development, redevelopment, and mass transportation aids accorded cities under Federal legislation, the central cities can enhance their economic base and become even more the major service, educational, cultural, and distribution centers of their regions.

An important purpose of the existing land development program is to encourage the participation of small builders. This emphasis would be equally applicable with respect to the new aids for the development of new communities. The availability of FHA mortgage insurance will permit smaller land developers and smaller local homebuilders, as well as local mortgage lenders, to participate in both aspects of the land development program.

Unless our small- and medium-sized builders are able to obtain lots at reasonable prices on which to build houses in our Nation's new and better planned communities they will find that an increasingly important segment of the housing market has been lost to them, and this will be a loss not only to the builders, but to the new communities themselves. What will be lost to our new communi-