

To encourage land developments of the scale and scope of the new communities, special financial aid in the form of Federal National Mortgage Association special assistance would be available, where needed, for new communities. That is, the FNMA would be authorized, where needed, to purchase the new community land development mortgages at the more generous terms allowable under FNMA's special assistance program. (FHA-insured land development mortgages are now eligible for FNMA purchase under its regular secondary market program.)

In addition, longer mortgage maturities would be authorized for this category of land development. Under existing law, FHA-insured land development mortgages are limited to a maximum maturity of 7 years, except that longer maturities are permitted in the case of privately owned water or sewerage systems. This exception would, under title II, be extended to land developments for new communities.

It would normally be expected that new communities would be served by public systems of water and sewerage. These would be consistent with other existing or prospective systems within the area. To the extent, however, that privately or cooperatively owned systems already exist in the area of the new community, these existing systems could serve the new community if they are approved by the Secretary as adequate and are regulated in a manner acceptable to him. Further, it would be permissible for there to be reasonable extensions to these existing private systems for purposes of serving the new community.

If there is no existing system that could serve the area and the Secretary determines that public ownership of a new system is not feasible, the new community could be served by an adequate privately or cooperatively owned new system consistent with other existing or prospective systems within the area. Such a system would be required to be regulated in a manner acceptable to the Secretary to protect the interest of the consumers as to user rates and charges and methods of operation. In addition, the Secretary would be required to receive satisfactory assurance with respect to eventual public ownership and operation of the system and also with respect to the terms of any sale or transfer.

In administering title X, the Secretary would consult with other interested Federal departments with respect to Federal, State, and interstate water quality standards as these standards affect the treatment of waste materials before they are discharged into any public waters.

Other provisions affecting new communities

Urban planning grants under our present urban planning assistance program would be available to official governmental planning agencies for areas where new communities are to be developed with mortgage insurance assistance, or where land is being acquired by land development agencies designated or created pursuant to State law. (Federal grants to local planning agencies for such planning are now available for metropolitan areas, depressed areas, and federally impacted areas.)

Public facilities for new communities could be provided by municipalities or other political subdivisions with the assistance of loans under the public facility loans program. The population limit (50,000) on the political jurisdiction eligible to receive public facility loans would be waived in the case of public facilities serving new communities within jurisdictions whose total population now makes them ineligible to receive such loans.

Increase in maximum mortgage amount under title X

The overall FHA land development program would be broadened by increasing from \$10 million to \$25 million the maximum outstanding mortgage amount permitted for a single development. This increase would provide the flexibility needed to assure sufficient credit assistance for very large developments, whether they are well-planned subdivisions or entire new communities. The \$25 million would, of course, represent only the maximum, not the typical, mortgage amount for any single development.

Loans to land development agencies

The Secretary would be authorized to make loans to land development agencies to finance the acquisition (but not the improvement) of land to be utilized in connection with the development of well-planned residential neighborhoods, subdivisions, and communities. These land development agencies would be public corporations, including municipalities, which are designated or created pursuant to State law. The land acquired would be sold to private builders, possibly after installation of basic public facilities, for the construction of well-planned