

developments. These could be residential neighborhoods, housing subdivisions, or more extensive developments, including new communities.

The loans would be limited to an amount not exceeding the total cost, as approved by the Secretary, of the acquisition of a fee simple or other interest in the land, including capitalization of interest for the term of the loan, and related expenses. The loans would be required to be reasonably secured and would be repayable within a period not exceeding 15 years at an interest rate of not more than the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt, adjusted to the nearest one-eighth of 1 percent, plus one-half of 1 percent. For the current fiscal year this formula would have produced a maximum interest rate of $4\frac{1}{4}$ percent.

Loans for land acquisition could not be made unless the Secretary determines that—

- (1) private financing is not otherwise available on reasonable terms;
- (2) the development of a well-planned residential neighborhood, housing subdivision, or community on the land would be consistent with a comprehensive plan or with comprehensive planning, meeting criteria established by the Secretary, for the area in which the land is located; and
- (3) a preliminary development plan for the use of the land meets criteria which he has established.

The criteria for comprehensive planning would include criteria designed to assure maximum accessibility of the planned developments to any major central cities in the area.

The land acquired would be required to be developed in accordance with a development plan approved by the Secretary as consistent with the provisions of the loan agreement. Sales of the land to private persons could not be for less than its fair value for uses in accord with the approved development plan. A development plan, wherever feasible in the light of current conditions, would be required to encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of income. The Secretary would adopt requirements (analogous to those adopted under title X of the National Housing Act) necessary to encourage the maintenance of a diversified local homebuilding industry and broad participation by builders, particularly small builders.

This program is designed to assist the State governments that wish to establish land development agencies in order to take advantage of the State government's unique powers to promote the planned development of future urban growth. Cities, counties, and other political subdivisions could be designated under State law as land development agencies to participate in the program.

Through these public land development agencies State governments, which are responsible for the well-being of all of its citizens, would become instrumental in fostering comprehensive planning of new areas expected to be populated within the foreseeable future. State governments are already concerned with the economic planning with respect to promoting industrial development, and many State governments are also engaged in some form of "systems" planning in connection with determining the location of, and standards for, water and sewer facilities, location of State highways and the planning of other public works. These new provisions would help them carry out this planning.

Once the public land development agencies, whether State or municipal, are established, and after some experience with Federal loans indicates that this type of State and municipal activity is both practical and successful, private investor interest in the obligations issued by the land development agencies can be expected. Private funds would then most likely be obtainable at interest rates below the interest rate to be charged for the Federal loans.

The loans authorized would be made from the revolving fund established by title II of the Housing Amendments of 1955 to finance the public facility loan program. No additional authorization is now necessary. It is estimated that during the first full year of operation the amount of Federal funds committed for these new loans would not exceed \$25 million.

The Federal loans to land development agencies would not conflict with, or overlap, the mortgage insurance assistance for land development provided under title X of the National Housing Act.

The loans to land development agencies would in almost all cases take place at an earlier stage in the development of land than would the loans insured under title X. A loan to a land development agency could well finance the acquisition