

While the conference of mayors has remained silent on this legislation, it is significant that the city manager of San Jose and the mayor of Honolulu are both strong advocates of the two new communities with which we are concerned and of the legislation which we endorse today.

Adoption of title II will provide the spur to the proper urbanization that the American public aspires to and which our economy and technology are capable of producing. Although almost entirely profit-motivated, the housing industry has, nonetheless, repeatedly demonstrated its anxiety to create a better living environment for Americans of every income level. The greatest and most dramatic opportunity to accomplish that objective has, in recent years, been couched in comprehensive preplanned urbanization. Unfortunately, however, after much probing over the past two decades, involving vast expenditures of private capital, one fact has become inexorably clear: The success of the new communities concept requires Federal assistance. Specifically needed are (1) single-source, large, long-term, low-interest loans; and (2) a clearinghouse set up to efficiently amass, organize, and disseminate factual information relating to this vast new industry.

There are no conventional sources for the type of loan required. Smaller builders must either compromise the concept of the new communities development or resort to exorbitant interest payments, 12 percent is not unusual, plus some "sweetener" to attract the lender. The added inducement may take the form of an option on a large share in the equity or other collateral participation in the success of the venture. Conventional financing for land development is usually for a term of 3 years or less, while the development of a true new community will take from 10 to 20 years to complete.

Adoption of title II will have a multiplicity of benefits:

1. It will permit better housing and a better environment to be put on the market at lower prices.
2. It will insure smaller developers an opportunity to participate in the new communities concept by providing credit sources not now available to them.
3. It will permit devotion of greater areas to open space and the provision of more generous amenities.
4. It will permit better quality throughout.
5. It will insure better planning.
6. It will permit the creation from the outset of an environment balanced as to residence, recreation, open space and employment.
7. It will provide properly sized utilities and roads which will yield economies in the future thereby reducing the capital cost of the facilities as well as the service costs to the homeowners.
8. It will make for comprehensive planned coordination of transportation, greenbelts and open space, regional parks, recreational facilities and other regionwide cultural and physical amenities.
9. Because all of the regular amenities, such as schools and public buildings, will have been provided, it will do much to insure the success of the new communities concept, as this is directly related to the confidence of the home buyer in the ultimate outcome of the project.

May we make one final point. The very small builders and contractors have been concerned that encouragement of the new communities concept would somehow divert construction business away from