

builders to participate in the orderly building of new, modern, livable communities.

The section of the bill that enables public bodies to act as planners of communities, and as a land bank, will enable small builders to develop small segments of the community.

Another significant value in title II is its potential contribution to the economic stability of the urbanized metropolitan areas. It is obvious that the metropolitan communities cannot prosper if the cities become, as have New York, Chicago, Washington, and other cities, concentrations of those in the lower economic brackets. Today these trends are intensified as industries move outward.

There is a direct relationship between the possibilities of renewing the central city and the need to expand housing and employment opportunities in the suburbs.

So long as well-planned suburbs cater only to the wealthy, the problem of the city will pyramid. By building planned new towns from scratch, with industry, proper community facilities, and a choice of housing types for various income groups, families of diverse economic levels will be attracted.

The aids now available through legislation such as 221 (d) (3) make it possible to construct housing in new towns at many economic levels, assuring economically balanced, stable communities that will take some of the strain off the central cities. This has been effectively demonstrated at Prairie Shores where in the year 1965, 20.4 percent of our tenants had family incomes below \$5,000; 19 percent, \$5,000 to \$6,000; 20.4 percent, \$6,000 to \$7,500; 19.6 percent \$7,500 to \$10,000; and 20.6 percent over \$10,000.

The new town, together with urban renewal, will thus be an effective aid in breaking up slums and effecting a more balanced distribution of resources and population throughout the metropolitan area.

I feel that the two objectives of counteracting urban sprawl and stabilizing our existing cities are the strongest possible arguments for the early enactment of this legislation.

Mr. BARRETT. Mr. Kramer, thank you for an excellent and informative statement.

As you no doubt know, this proposal for FHA insurance of loans to establish new towns and communities has been before our committee for several years. Last year we authorized FHA insurance for suburban subdivisions but the Congress did not extend the FHA insurance to new towns. Frankly, there is considerable opposition about new towns on the part of homebuilders and many mayors.

What would you think if Congress were to authorize FHA insurance for a limited number of new towns, say, for example, a dozen? In other words, we would set it up as a demonstration program to see how it would work. Do you think this would be good strategy?

Mr. KRAMER. I can see only one objection to this. I think it would be good strategy but there is one objection and that is if the demographers are correct and we are going to have the demand for housing that I mentioned in my remarks, and I just checked this again before I came down here for instance, with Philip Hauser of the University of Chicago, and he thought that the figures I used were conservative. If they are correct, we are going to be faced with a colossal problem to house these new families that are being formed.