

resource activities in this way because of scarcity of supply, population growth, competition for types of water use, and the urbanization of all or large parts of States. Experience in New Jersey and California suggests that when the State develops water supplies, the urban areas are willing to relinquish considerable control over their individual water supplies in return for the benefits of the State's greater capability for planning and financing a comprehensive program.

7. PROMOTION OF METROPOLITANWIDE PLANNING AND DEVELOPMENT OF SEWAGE TREATMENT FACILITIES

The Commission recommends that Federal grants for sewage treatment plant construction be consistent with comprehensive drainage basin and metropolitan area planning, and that existing programs be amended to provide an additional matching incentive for the development of sewage disposal systems on a regional or major subregional basis. The Water Quality Act of 1965 includes a provision permitting the increase of basic grants for sewage treatment plants by 10 percent if the project conforms to a comprehensive plan for the metropolitan area.

8. DISCOURAGE FRAGMENTATION AND SHORT-TERM ANTICIPATION OF NEEDS IN COMMUNITY WATER SUPPLY SYSTEMS AND ENCOURAGE AREA-WIDE PLANNING AND DEVELOPMENT OF WATER AND SEWERAGE SYSTEMS

The Commission recommends that the Congress amend the statutory authority for the public facility loans program of the Housing and Home Finance Agency to permit (a) communities of 50,000 population or more to qualify for sewer and water project loans, and (b) the joining together of communities with an aggregate population exceeding 50,000 for purposes of such loan assistance.

The present 50,000 population limitation of the Public Facilities Act has several major disadvantages. First, it directly discriminates against communities of 50,000 population or more by not permitting them to receive public facility loans. Second, it encourages fragmentation, duplication, and inadequate long-term facilities by prohibiting bond action by a number of communities within a metropolitan area to meet water and sewer needs. For example, several communities each having a population of less than 50,000 may desire to join together to provide a water or sewerage disposal system. Individually, each of the communities would be eligible for loan assistance under the public facility loans program, but when acting jointly (through the establishment of an instrumentality serving the entire area) they would be ineligible for Federal loan assistance because their aggregate population exceeded 50,000.

This limitation, while still in the legislation, is of less significance with the passage of the Housing and Urban Development Act of 1965 which adds authorization for a new grant program for water supply facilities to the existing grant program for sewer facilities. The new grant program has no population limits and requires construction to meet foreseeable growth needs.

Sound areawide planning and development of domestic water supply and sewerage systems is essential to assure the availability of an