

# World Examples and New Towns in the United States under the Housing Act of 1970

*by Percy E. Wagner, M.A.I.*

## **HISTORICAL BACKGROUND**

The building of new towns in the United States does not have as long a history of experience as other countries of the world. Destructive wars have not taken a toll of American cities. The cities and towns of the United States have grown with little planning for the future, meeting merely the housing demands of a rapidly growing population. As industry and commerce have flourished, cities and towns have grown and expanded to meet the demand for housing and commercial facilities.

The cities of the eastern seaboard sprang from world-wide commerce. The industrial town grew from discovery and development of natural resources, and great cities of the Midwest matured with the growth of agriculture and intercontinental travel. With the passage of time, however, deterioration of the city inner core became a blight on city growth, expansion took place on the periphery, and suburban areas developed.

Today, the cause for the development of new towns in the United States may be found in the preface of the Conference Report of the Committee of Conference before the passage of the Housing and Development Act of 1970:

“to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development.”

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## FACTORS BEHIND GROWTH

The basic reasons for new-town development are the same world-wide. A visit to new towns in Europe and the Far East will disclose that the academic and philosophic causes for new towns are sustained. New towns in all countries of the world are developing from the following causes:

1. New towns are developing as **whole** new towns, including commercial, industrial, and residential activity. New industry sparks the demand for housing, which in turn encourages commercial development. National governments have created new cities such as Brazilia, Ottawa, Canberra, and Washington, D.C. State capitals, county and parish seats of government cause initial concentrations of population which develop into towns and cities.
2. The development of satellite cities is the result of movement of people from the inner city, natural population growth, and movement from rural to urban centers. Cities expand according to employment opportunities. The expansion of existing industry and the growth of new industries give rise to expanding boundaries, annexations, or the creation of suburban cities or villages with little or no separation from the mother city.
3. The rebuilding of the inner city is the building of a new city within a city. Urban renewal of decayed areas and redevelopment of large tracts of abandoned land bring into being the new inner city town. London's Barbican, Bonn's rebirth, Chicago's abandoned Stock Yards, and other rebuilding projects in New York, Philadelphia, Bangkok and the bombed-out cities of Berlin, Cologne, Warsaw, and Bucharest are examples of the building of new inner cities.

## URBAN RENEWAL

A principal purpose of urban renewal is the eradication of residential slums, but rebuilding is not confined to the renewal of residential areas which have deteriorated due to physical decay and changing economic conditions. Vast industrial areas in our inner cities have become obsolete as the result of changing concepts of manufacturing efficiency, new methods of transportation, and changing labor availability. These changes are most apparent in American cities, and the Housing and Urban Development Act of 1970 recognizes this phenomenon in the following sections:

### Part D—Development of Inner City Areas Purpose

"**Section 740.** It is the purpose of this part to provide our cities, which urgently need to augment their inventories of housing (particularly housing for low and moderate income families) and to find sites for essential public facilities and additional sources of employment, but have virtually no vacant land upon which to build, with a program . . . so that in appropriate cases major rebuilding projects (including new communities in town) may be undertaken without major residential clearance activities and with minimal displacement. (b) **Section 110 (c) (1)** of such Act is amended— . . . or (v) land or space which is vacant, unused, underused, or inappropriately used . . . which land

or space the Secretary determines may be developed (at a cost reasonably related to the public purpose to be served) without major residential clearance activities, and with full consideration to the preservation of beneficial aspects of the urban natural environment, for such uses as are consistent with emphasis on housing for low- and moderate-income families, including the provision of schools, hospitals, parks and other essential public facilities, and, where appropriate, all uses associated with new communities in town or similar large scale undertakings related to inner city needs, including concentrated sources of employment."

Expressways have proven to have a two-pronged effect on our city structure: bringing people rapidly into the city and conversely creating available land in suburban areas. The building of expressways and tollways between cities has resulted in the megalopolis designation for vast areas between Boston and New York, New York and Washington, D. C., Milwaukee, Chicago and Gary, Los Angeles and San Diego, and Tokyo and Yokohama, while the cities of the Ruhr Valley of the Rhine have long been joined.

As renewal of commercial and industrial areas becomes effective, the cultural values of the city and the available existing labor force in the community combat the movement away from the inner city. However, some governments are persuading firms to move to the suburbs, where labor and land are more available. Great Britain has such a program for London, and Spain is setting an example by moving many of its government offices to provinces.

#### CONDEMNATION

The right of the government to condemn land has made it possible for metropolitan areas to acquire sites in the inner city for high rise office and residential buildings. The private acquisition of sufficient land to make neighborhood impact has been ineffective. Through acquisition of land and subsequent resale to private entrepreneurs, cities and town governments have made large tracts available for development. Governments throughout the world have accepted condemnation as the solution for land acquisition in both subsidized government housing and private development.

#### ROLE OF THE GOVERNMENT

The cooperation of government has been necessary in the building of new towns. Housing problems are prevalent throughout the world, and government has undertaken the task of housing all segments of the population for both economic and social reasons.

In the United States great emphasis is placed upon the part of government in community development as stated in:

**"Part B—Development of New Communities, Section 710 of the Act:**

(a) The congress finds that this Nation is likely to experience during the remaining years of this century a population increase of about seventy-five million persons. (b) The Congress further finds that continuation of established patterns of urban development, . . . , will result in (a) inefficient and wasteful use of land resources; (2) destruction of irreplaceable natural and recreational resources; (3) diminished opportunity for the private homebuilding industry to operate at its highest potential capacity . . . (f) It is therefore the purpose of this part to provide private developers and State and local public bodies and agencies (including regional or metropolitan public bodies and agencies) with financial and other assistance . . . thereby providing a more just economic and social environment; encourage the fullest utilization of the economic potential of older central cities. It is also the purpose of this part to improve the organizational capacity of the Federal Government to carry out programs of assistance for the development of new communities and the revitalization of the Nation's urban areas."

**GUIDELINES**

So that guidelines for eligible developments may be delineated, Section 712, (a) and (b) are specific in their requirements:

"(a) A new community development program is eligible for assistance under this part only if the Secretary determines that the program (or the new community it contemplates)—(1) will provide an alternative to disorderly urban growth, helping preserve or enhance desirable aspects of the natural and urban environment or so improving general and economic conditions in established communities as to help reverse migration from existing cities or rural areas; (2) will be economically feasible in terms of economic base or potential for economic growth; (3) will contribute to the welfare of the entire area . . . ; (4) is consistent with comprehensive planning, physical and social . . . ; (5) has received all governmental reviews and approvals required by state or local law, or by the Secretary; (6) will contribute to good living conditions in the community . . . (7) makes substantial provision for housing within the means of persons of low and moderate income and that such housing will constitute an appropriate proportion of the community's housing supply; and (8) will make significant use of design and technology. (b) A new community development program approved for assistance under this part shall be undertaken by a private new community developer or State land development agency approved by the Secretary on the basis of financial, technical, and administrative ability which demonstrates capacity to carry out the program with reasonable assurance of its completion."

**WORLD-WIDE EXAMPLES**

In the English-speaking world one of the best examples of government cooperation in the rebuilding of the inner city is London's Barbican. Barbican's 65 acres were blitzed in World War II. Here the ideal place to work and live has been developed, and over 2,000 London families are housed within walking distance of their employment in London's financial center. Examples on a smaller scale are found in American cities.

In Berlin the government and private enterprise are meeting the housing need in building "Maerkisches Viertel" on the northern edge of West Berlin in the French sector. Designed to house 60,000 Berliners, the project already has 35,000 residents. It is a self-contained community of schools, churches, shopping centers, movie houses and other amenities. Designed by a French architect, Rene Gages, its wealth of color mixture of high rise and low rise dwellings has been received with mixed emotions by the staid Berliner. Plots of land on the edge of this satellite of Berlin are reserved for industry.

#### COMMUNIST COUNTRIES

Communist countries provide housing at low rents as a basic policy for the simple reason that a family well housed is less likely to complain about other austerities. The Soviet Government and its satellites have many programs of building new towns and rebuilding inner cities. Warsaw and Bucharest are examples of the rebuilding of the inner city after devastating destruction by bombing. Bucharest has expanded its boundaries to meet the housing needs of workers moving from rural areas in the transition from a pastoral economy to a rapidly-growing industrial Romania.

Along the Black Sea, Russian counterparts to Miami Beach and the Riviera have been built with government subsidy to provide pleasant, restful beach houses for the worker. Here the value of tourist foreign exchange is a necessary consideration in practical philosophy. The opposite in entrepreneurship is found in Spain on the Costa del Sol, in Durban, South Africa, in Honolulu, in Florida and in California, where private enterprise has created new resort towns. Acapulco, Rio, and the Virgin Islands should not be overlooked in the development of new towns and satellites for tourists.

#### THE ORIENT

Government cooperation in housing is also prevalent in the Orient, particularly in Singapore, Hong Kong, Bangkok, and Kuala Lumpur. Here the social aspect takes precedence over economic feasibility. With millions of people populating the teeming slums of these cities, it is impossible for private builders to begin to cope with the need for shelter. Even though thousands of new apartments have been constructed in Hong Kong-Kowloon and families are crowded five or six persons to a room, there is still inadequate housing in "The New Territories" to care for the two million Chinese who have fled China since 1945.

Airline and government assistance has played an important part in constructing hotels in Manila, Hong Kong, Bangkok, and Tokyo. The construction of these hotels in new areas of the cities has created new satellite areas. Office buildings, commercial business, and residential developments

follow. A satellite city of Manila, Makita, and the expanded hotel, residential and commercial areas of Bangkok are notable examples. Singapore and Hong Kong-Kowloon have inner city rebuilding with multi-storied hotels, government buildings and office buildings.

Government participation in city growth is illustrated by the filling of the canals in the inner city of Bangkok and the creation of boulevards leading to the new satellite areas of the city.

In the Orient, the financing of new towns has followed the pattern of European countries with assistance being given to developers to acquire land. The developer of an approved plan receives partial grants in the form of contributions toward the installation of utilities, streets, public parks and schools.

#### **NEW COMMUNITIES ACT OF 1970**

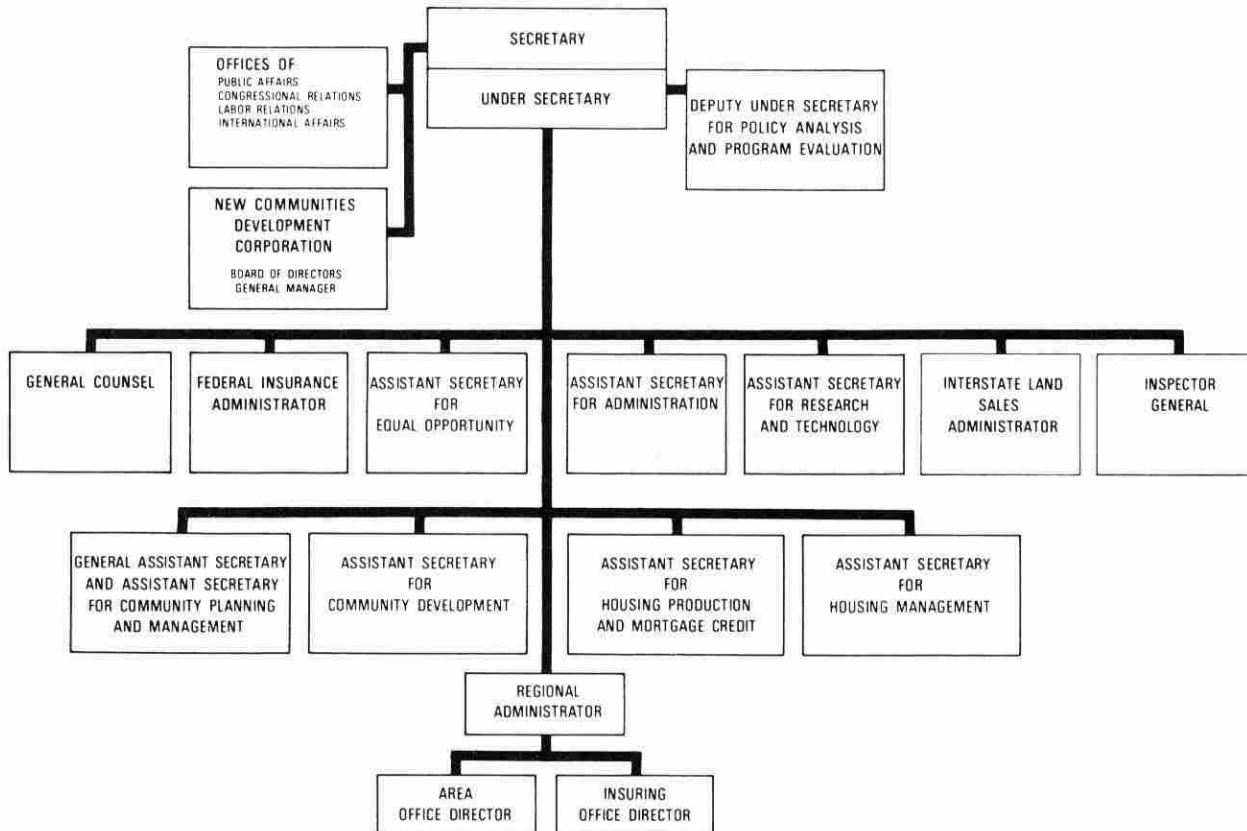
In the United States, the New Communities Act of 1970 passed by Congress is a summary of the methods of assistance used by many governments. The Act provides for a guarantee by the government of bonds, notes, debentures and other obligations issued by or on behalf of private developers. The provision for guarantees is found in Section 713 as follows:

“(a) The Secretary (acting through the Community Development Corporation) is authorized to guarantee, and enter into commitments to guarantee, the bonds, debentures, notes, and other obligations issued by or on behalf of private new community developers and State land development agencies for the purpose of financing real property acquisition and land development and to compensate for the use of real property or the removal of liens or encumbrances on such property, . . . (b) . . . (c) The outstanding bonds, debentures, notes or other obligations guaranteed under this section with respect to a single new community development program shall involve a principal obligation in an amount (1) in the case of a State land development agency, not exceeding 100 per centum of the sum of the Secretary’s estimate of the value of the real property before development and his estimate of the actual cost of the land development, or (2) in the case of a private new community developer, not exceeding the sum of 80 per centum of the Secretary’s estimate of the value of the real property before development and 90 per centum of his estimate of the actual cost of the land development. (d) The outstanding principal obligations guaranteed under this section with respect to a single new community development program shall at no time exceed \$50,000,000.”

In commitments made to date, provision has been made for grants for public purposes. Subsidies for payment of interest and payments on mortgages insured by the government are added inducements. Private entrepreneurs receive advice on planning and must follow rules for housing units occupied by designated income and family groups. Public housing receives the full support of the city or government agency in control. The U.S. Department of Housing and Urban Development is the controlling body with subsidiary departments handling various phases of development. (See organization chart.)



**ORGANIZATION CHART  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**



Reprinted from *United States Government Organization Manual*, 1972/73, p. 233.

#### **PRIVATE ENTERPRISE**

A recent occurrence in countries of the free world has been the entry of large private corporations into the housing field. With large sums of capital available for initial development, government insurance or large investment sources provide money for project completion. Favorable tax incentives in write-off for depreciation have been a motivating force for real estate investment. Inflation hedges against increasing costs and prices. Favorable mortgage terms and interest rates give the equity leverage and a powerful cash flow incentive to the investor.

#### **NEW TOWNS—A NECESSITY**

In all countries the population explosion is making new towns a necessity. Social and political factors motivate the necessity for an organization of know-how and experience. Planning, approval and development require time, and great financial resources are necessary before a project becomes self-sustaining.

Methods of operation differ in various countries. The developer may carry the entire project, or the government may undertake to assist, control, and develop through its own agencies. Under any sponsorship, a complete organization is required. Land acquisition, selection, and terms of purchase are the first steps in practical operation. Before selection and acquisition, however, the feasibility of the project must be carefully analyzed, and a favorable or unfavorable decision made.

#### **APPROVED NEW TOWNS FOR THE U.S.**

Five new towns have been approved by the Department of Housing and Urban Development under the New Community Development Act of 1970. Following is a brief sketch of each\*:

##### **JONATHAN, MINNESOTA**

Jonathan, Minnesota, was the first new community to be selected by HUD for a commitment under Title IV of the Housing and Urban Development Act of 1968. The initial \$8 million of debentures were sold in one day at 8½% interest. HUD guarantees up to \$21 million over a 10 year period.

##### **ST. CHARLES COMMUNITY**

HUD granted Title IV commitments for \$18.5 million to St. Charles Community in Charles County, Maryland. The bonds were sold at 7½%. The developer is Interstate Land Development Co., Inc., St. Charles, on a 6,980 acre tract, which will be a balanced community for moderate and low-income families, with 80% of the housing priced under \$25,000.

##### **PARK FOREST SOUTH**

Park Forest South, Illinois, is another new community that received a HUD commitment. A project of Nathan Manilow in partnership with U.S. Gypsum and the Illinois Central Gulf Railroad, the new community south of Chicago extends over 8,000 acres and is expected to attain a population of 100,000 in 15 years. Conceptually, the town center is a linear spine with development occurring along a three-mile rapid transit line with a direct link to Chicago's Loop. Clustered along the spine will be a new university for 10,000 students, a hospital, offices, and commercial facilities. Housing will be predominantly multi-family.

##### **FLOWER MOUND**

Flower Mound New Town received an \$18 million commitment. It will be built within the existing community of Flower Mound, Texas, between Dallas and Ft. Worth, on a 6,156 acre tract. Development will take 20 years

\*The writer is indebted to *Urban Life* for these descriptions, Editor Georgia K. Davis, American City Corporation, Columbia, Maryland.



and will house 60,000 people. Fourteen neighborhoods will be grouped into four villages around the town center. About 689 acres will be reserved for industrial use. Developers are Raymond Nasher, a Dallas developer, and Edward S. Marcus, chairman of Neiman-Marcus Co. The Dallas-Ft. Worth regional airport, scheduled to open in 1973, will be four miles from Flower Mound.

#### MAUMELLE, ARKANSAS

Maumelle, Arkansas, received a \$7.5 million commitment. Its 5,319 acres front on a recently completed waterway and flood control project on the Arkansas River. Four lakes will be constructed. Twelve miles from downtown Little Rock, Maumelle will contain 24,239 dwelling units in five villages. Industrial uses will cover 1,071 acres with rail and barge access. Developer is Maumelle Land Development, Inc., owned by Jess P. Odom, former president of National Investors Life Insurance Company of Little Rock.

Other new towns planned are: Lucasville, Ohio; Northampton, Maryland; Spencer Sharples, Lucas County, Ohio; and Houston, Texas.

Financing has been completed on the Jonathan, St. Charles, and Park Forest South projects. The new University at Park Forest South is under construction, sewer and water facilities have been installed, and 1,200 units of rental and for sale housing were completed for occupancy by December 31, 1972.

Many other new towns are in the planning stages under The New Community Development Act of 1970, and as the national growth policy is implemented further progress may be expected.