*Planning Perspectives*, **13** (1998) 113–132

# New towns for the Great Society: a case study in politics and planning

ROGER BILES*

*Department of History, College of Arts and Sciences, East Carolina University, Greenville, North Carolina, USA*

This article deals with the US Congress's flawed legislative attempt in the late 1960s to address urban redevelopment's shortcomings by resurrecting resettlement programmes akin to the earlier garden city and greenbelt town designs. Despite the opposition of real estate and building interests, as well as public housing advocates and big city mayors, new towns legislation was passed in 1968 and 1970. The federal government provided financial assistance to the private developers who built the thirteen new towns in various locations around the country. By the early 1980s, however, officials of the US Department of Housing and Urban Development concluded that the experiment had failed in all but one of the thirteen new towns and arranged for bankruptcy and foreclosure proceedings. The article discusses the reasons for the inefficacy of this little-known Great Society programme and suggests that the episode reflected the chequered history of urban planning in the US.

## Introduction

In 1966 the Subcommittee on Executive Reorganization of the US Senate Committee on Government Operations held hearings on the state of the nation's cities. Subcommittee members heard comments from liberal Democrats, most notably Senators Robert Kennedy and Abraham Ribicoff, that lambasted Lyndon B. Johnson's administration for the inadequacy of its response to the burgeoning urban crisis. Administration spokesmen denied the charges and recounted a list of Great Society measures designed specifically to combat urban ills. These included the Equal Opportunity Act, the creation of the Department of Housing and Urban Development (HUD), aid to education, and pending legislation that would create the Demonstration Cities (Model Cities) programme. In addition to introducing the most comprehensive housing legislation in the nation's history, they claimed, Johnson's administration also became the first to propose the expansion of the housing stock through the construction of new towns financed by the federal government. The new towns initiative generated staunch opposition, and progress for its champions came grudging after repeated setbacks – even during the sessions in which the liberal Eighty-ninth Congress responded positively to the flood of reform legislation originating in the White House. The years following the passage of the enabling legislation

*Roger Biles is professor and chair of the history department at East Carolina University. He is the author of five books, the most recent of which is *Richard J. Daley: Politics, Race, and the Governing of Chicago* (1995). He is currently co-editing (with John F. Bauman and Kristin Szylvian) a collection of essays on the history of public housing policy in America during the twentieth century.

 0266-5433

saw the completion of few new communities, all of which soon suffered severe financial difficulties. By the mid-1970s, the new towns were beset by bankruptcies and foreclosures, and even the most avid reformers had to admit defeat. The story of the legislative struggle for new towns development in the 1960s and the subsequent misfortune of the completed communities serves in some way as a microcosm of Lyndon Johnson's flawed Great Society, just as the new towns episode provides an instructive example of the obstacles facing the housing reform movement in modern America [1].

## Rationale behind the introduction of the new towns

Drawing on the experiences of European governments and private developers in the United States and convinced that the urban redevelopment and renewal schemes implemented after the Second World War had failed to meet the needs of rapidly-changing central cities, many planners and architects argued by the early 1960s for the creation of new towns just outside existing metropolitan areas. The problems of the degenerating central cities, they adduced, called for decentralization, but random growth in the late nineteenth and early twentieth centuries had resulted in suburban sprawl and snarled commuter traffic as well as unsightly and dysfunctional community design. Instead of haphazard development with no attention to the environment, each new town would be part of a comprehensive regional plan encompassing transportation, public utilities, leisure facilities, and housing for *c.* 20 000 people from varied social and economic strata. Not bedroom communities or satellite cities entirely dependent upon the central city, the new towns would enjoy a solid economic foundation based upon the existence of industrial and commercial as well as residential zones. Construction of thousands of housing units simultaneously, rather than piecemeal, would result in economies of scale, and skilful planning could conserve land and energy by situating jobs and residences closer together. Moreover, unless new towns provided the opportunity for lower income groups to join the deconcentration movement – an opportunity generally denied them by zoning, building codes and social barriers in suburbs – the inner cities would struggle to accommodate the disproportionately indigent populations left behind; in the reformers' vision, these new communities would address social as well as economic concerns by stipulating that a portion of all housing be designated for low-income families [2].

The new towns idea emanated from the writings of Ebenezer Howard, a London court stenographer who became interested in urban reform and planning. In *Tomorrow: A Peaceful Path to Real Reform*, which was published in 1898 and reissued four years later as *Garden Cities of Tomorrow*, Howard considered the daunting task of improving the quality of urban life in industrial societies and concluded: 'The simple issue to be faced and faced resolutely is, can better results be obtained by starting on a bold plan on comparatively virgin soil than by attempting to adapt our old cities to our newer and higher needs?' He recommended the former rather than the latter, proposing the creation of new communities, surrounded permanently by greenbelts, whose carefully planned residential, industrial, and commercial sectors would guarantee the best of both urban and rural living. Howard's concept resulted in the creation of two garden cities north of London, Letchworth and Welwyn, as well as a host of garden villages and garden suburbs that loosely ascribed to his original design. After the founding of the Garden City Association of America in 1906 by Howard and a coterie of American industrialists and clergymen, the reform attracted a modest following in the US in the early decades of the twentieth century [3].

**The formative years**

Although most Americans dismissed garden cities as impractical and visionary, Howard's influence could be seen in the establishment of new communities in subsequent decades. After World War I, Lewis Mumford, Stuart Chase, Benton MacKaye, Charles Whitaker, Henry Wright and Clarence Stein founded the Regional Planning Association of America (RPAA) with the avowed intention of propagating the garden city ideal. The RPAA planned a garden community just outside of New York City, which could not be built for failure to obtain the necessary land, but did complete Sunnyside Gardens, New York, and Radburn, New Jersey. According to Clarence Stein, the subsequent completion of Chatham Village (Pittsburgh), Phipps Gardens (New York City), Hillside Homes (New York City), Baldwin Hills Village (Los Angeles), and the Depression-era greenbelt towns all constituted 'steps toward creating New Towns' [4].

The first example of the federal government's involvement in the creation of new towns occurred as part of Franklin D. Roosevelt's New Deal. Enamoured of population decentralization as an anodyne for urban ills, Roosevelt approved his aide Rexford Tugwell's goal of creating 3000 planned communities in the shadows of existing metropolises. Under the aegis of the Resettlement Administration, Tugwell found the resources to build only three such towns – Greenbelt, Maryland, outside Washington, DC; Greenhills, Ohio, outside Cincinnati; and Greendale, Wisconsin, outside Milwaukee. Work on a fourth town, Greenbrook, New Jersey, ground to a halt due to insurmountable legal problems. Always controversial because of the unprecedented level of government involvement, Tugwell's 'Communist towns' floundered largely because of hardening congressional opposition. Between 1949 and 1954, the federal government sold the greenbelt towns to private interests. The experiment ended as a highly-publicized financial failure, with the government recouping only 53% of its $36 million investment, yet the experiences of the three greenbelt towns convinced many reformers that Washington could play a helpful role in suburban development [5].

Following the Second World War, Great Britain took bold action to address drastic housing shortages by passing the New Towns Act of 1946. Totally involved in planning, financing, and construction, the British government created housing for over a half million people in twelve new communities built between 1946 and 1950. The Town and Country Planning Act of 1947 and the Extension of New Towns Act of 1952 followed as the nation continued to integrate newly-built communities into a comprehensively planned metropolitan region. In the United States, however, more cautious reform predominated as Congress responded to spreading blight and housing shortages in the cities with urban redevelopment and renewal legislation. A few private developers launched new towns in the post-war years – the most successful ventures included Philip Klutznick's Park Forest, Illinois; Robert E. Simon's Reston, Virginia; and James Rouse's Columbia, Maryland – but the staggering cost of creating entire infrastructures for wholly new communities (an estimated $47 million for Columbia, for example) and the attendant need to attract the necessary capital prohibited many attempts. Columbia relied on investment capital from the Connecticut General Life Insurance Company, the Teachers Insurance & Annuity Association, and the Chase Manhattan Bank to remain solvent, while the Gulf Oil Company supported Reston in its early years and finally assumed management of the financially troubled community. As Klutznick observed, 'Nowadays you must have tremendous funds or you build a piecemeal subdivision, which means you don't end up with a planned community'. By the 1960s, many developers began calling for government assistance as the only means to ensure the creation of new towns [6].

**Progress in the early 1960s**

Interest within the federal government surfaced during John F. Kennedy's presidency because of the efforts of Robert Weaver, chief administrator of the Housing and Home Finance Agency (HHFA). An economist with a long-time interest in comprehensive urban planning, Weaver recommended to Congress that the federal government provide mortgage insurance for the purchase of land designated for new community development. In 1961 Weaver's proposal found few supporters on Capitol Hill or in the White House, but his sustained efforts fared better during Lyndon Johnson's administration. In a 1964 message to Congress concerning a housing bill he was submitting, the president predicted that a 'significant portion' of future urban growth would be in new towns 'complete with all public services, all the industry and commerce needed to provide jobs, and sufficient housing and cultural and recreational facilities for moderate- and low-income families as well as for the well-to-do'. Indeed, the new legislation included federal grants and loans to states and cities for the construction of public facilities along with loan insurance for the developers of the new towns. President Johnson even suggested the appropriation of funds to train more professional planners for such work [7].

An enthusiastic Robert Weaver praised the legislation as a great victory for planning that would 'eliminate the costly clutter of blindfold growth and blunderbuss expansion', but determined opposition to new towns materialized immediately. The Mortgage Bankers Association objected on practical grounds (the loan guarantees would dramatically elevate land prices) as well as philosophically (too much federal government involvement in the free market). Noting that suburbs had traditionally excluded low-income and minority buyers and that the new legislation provided an additional 10% in loan amounts for developers who built low- and moderate-income housing first, the National Association of Home Builders expressed concern that the programme was designed to promote racial integration. Politicians from both parties in Congress and spokesmen for professional associations objected that the HHFA had drafted the new towns measure in secrecy without any advance warning of its inclusion in the housing bill. Arguing that they had insufficient time to study what had instantly become a controversial measure, the legislators agreed to excise new towns from the housing bill that year [8].

Pursuant to the recommendation of the President's 1964 Task Force on Metropolitan and Urban Affairs, the Housing and Urban Development Act of 1965 again contained a new towns provision. In order to 'help break the pattern of central-city ghettos by providing low- and moderate-income housing in suburban areas', Title X of the bill called for federal insurance of mortgages to private developers and low-interest federal loans to states for land acquisition. As in the previous year, the proposed legislation sought to utilize the federal government's resources to encourage private development but stopped far short of mandating the type of government involvement outlined in the British New Towns Act of 1946. Such a cautious approach notwithstanding, the new towns provision once more attracted vociferous opposition [9].

In congressional hearings, a steady stream of witnesses decried the new towns idea. Representatives from the National Association of Real Estate Boards and the National Association of Home Builders spoke strongly against the measure, the latter claiming that 'the proposal would inject Government deeply, irrevocably and inevitably on an expanding scale, into the business of land development – as distinguished from the present system of local community regulation of private development of land'. Predictably, such organizations warned against increased government activity in land sales and housing construction while arguing that abundant capital existed for suburban building without aid from Washington. In addition to the opposition from mortgage bankers, home builders, and realty concerns came equally strenuous dissent from reformist groups dedicated to resuscitating inner cities. Ira S. Robbins, President of the National Association of Housing and Redevelopment Officials, objected to any sort of suburban development at a time when government provided inadequate support for existing urban redevelopment and renewal programmes. Similarly, James Tate, Mayor of Philadelphia, criticized the proposal for ignoring the problems of the masses in the nation's largest cities [10]. Explaining the refusal of the National League of Cities and the US Conference of Mayors to endorse the new towns portion of the housing bill, Detroit Mayor Jerome Cavanaugh said:

> There is a reluctance on my part to encourage the construction of more new suburbia next to my city to be able to compete with me for industry or for housing or anything else. And I am not too sure that with the great thrust of the programs today, to try and make our central cities and our existing cities more livable, that we should be passing legislation to encourage subdivisions to move out even further [11].

Robert Weaver challenged the big city mayors' view that new towns represented a threat to the well-being of their beleaguered domains, arguing that comprehensive regional planning could 'coordinate and reconcile the needs and functions of all elements which constitute the urban complex... This expansion, in turn, will strengthen the central city and delineate more clearly its role in urban America'. The National League of Cities and the US Conference of Mayors continued to oppose the measure and, as the *New York Times* commented, the coalition of big city mayors, home building interests, and southern congressmen concerned with 'race mixing' possessed 'muscle to spare' to curtail new towns development. The Housing and Urban Development Act of 1965, which President Johnson signed on August 8 of that year, contained only a modest commitment to new town development. The pared-down Title X merely authorized the Federal Housing Administration to insure mortgages for land acquisition and made no mention of the critically important low-interest loans. With such limited financial incentive proferred by the federal government, private developers continued to look elsewhere for investment opportunities [12].

## The mid- to late 1960s

The following year's Demonstration Cities and Metropolitan Development Act of 1966, which established the Great Society's Model Cities programme, allowed the broadening of the FHA mortgage insurance programme for new communities development. Although the legislation failed to broach the subject of government loans and allocated the disappointingly modest sum of $250 million for mortgage insurance, new towns advocates rejoiced at the apparent lessening of opposition from some groups. Homebuilding and real estate interests reiterated their hostility to government intrusion in the industry and warned against the injurious effect of the mortgage insurance on the federal budget, but other constituencies seemingly became less intransigent. The National Association of Housing and Redevelopment Officials abandoned its previous position and endorsed the mortgage insurance programme, while the big city mayors and their organizations remained silently neutral. Most encouraging, private developers of new towns, the vast majority of whom had refrained from congressional testimony in 1964 and 1965, turned out in force in 1966. Responding to the Johnson Administration's entreaties for support, many of the best known developers – men like Ferd Kramer of the Chicago-based Draper and Kramer Corporation and James Rouse – enthusiastically argued the case for enhanced federal government activity. At least in the halls of congress, the tide seemed to be turning gradually in favour of new community development [13].

A few months later, Senator Abraham Ribicoff of Connecticut introduced the New Towns Development Act of 1967, but his bill fell far short of passage. The major breakthrough came the following year with President Johnson's introduction of the New Communities Act of 1968, which was included as Title IV of the Housing and Urban Development Act of 1968. Submitting the bill in a special message to Congress regarding 'the crisis of the cities', Johnson called for a partnership involving private interests as well as federal, state and local government agencies. 'The job is one for the private developer', the President assured his audience, 'but he will need the help of his Government at every level'. According to the proposed legislation, which had been drafted by Charles Haar, Assistant Secretary for Metropolitan Development at HUD, the help would come in the form of an innovative financing technique for developers to encourage investment in new community construction; the federal government would provide up to $250 million worth of 'cash flow debentures', long-term loans with the repayment schedules for principal and interest tied to the income reported annually by the new towns. State and local agencies would also receive supplemental grants for up to 80% of the cost of providing public facilities (streets, sewerage, water, parks and the like) for newly developed communities. In all, the New Communities Act of 1968 far outdistanced earlier legislative packages in marshalling a package of incentives for builders [14].

Congressional consideration of the measure produced the usual warnings that new towns would result in creeping socialism, financial disaster, white flight, the accelerated deterioration of central cities, or some other unforeseen malady. The President of the National Association of Home Builders related to a Senate subcommittee the unhappy financial record of private new town development and predicted the failure of any such large-scale enterprises; a spokesman for the National Association of Real Estate Boards called the proposal 'a giant step toward federalization of the communities of tomorrow' and strongly urged the House Subcommittee on Housing to reject Title IV. Nor were the big city mayors, whose dissent had been muted two years earlier, entirely prepared to endorse the measure. Thomas R. Byrne, Mayor of St Paul, Minnesota, and Executive Committee member of the National League of Cities, expressed concern that new communities would obscure the nation's considerable investment in existing cities. Joseph M. Barr, Mayor of Pittsburgh and President of the US Conference of Mayors, urged the development of 'new towns' only within the legal boundaries of the nation's largest cities [15]. Philadelphia Mayor James Tate would only support the measure conditionally, saying:

> The Committee will recall, I am sure, that cities are not permitted to receive urban renewal or Model Cities grants without providing assurances that we will guarantee the existence of low and moderate income standard housing. This same requirement with respect to federal assistance should apply to new towns. If new towns are allowed to develop without this condition, the economic and ethnic 'ghettoizing' of central cities will become such an increasingly heavy burden on metropolitan areas and on the nation as a whole that its full implications can not be calculated. [16]

By 1968, however, a powerful coalition of interests had united in support of the new towns idea. James Rouse again spoke for private developers in underscoring the necessity of government support for private initiative. Nathaniel S. Keith, President of the National Housing Conference, and Walter Reuther, President of the AFL-CIO's Industrial Union Department, advocated amendment of the New Communities Act to provide for an even greater government role in land acquisition and community development. Reports of a number of commissioned studies endorsing the idea appeared throughout 1968 as well: The National Commission on Urban Problems' *Building the American City*, the Advisory Commission on Intergovernmental Relations' *Urban and Rural America: Policies for Future Growth*, and the American Institute of Planners' *New Communities: Challenge for Today* all advised expanded government involvement in suburban land development. Even former-President Dwight D. Eisenhower touted the proposal in a *Readers Digest* article. Perhaps most importantly, President Johnson expressed an unprecedented commitment to new towns and prevailed upon loyal Democrats in Congress to pass the bill. In the conference to reconcile the Senate and House versions of the Housing and Urban Development Act of 1968, Wright Patman, Chairman of the House Banking and Currency Committee and a loyal ally of the President, laboured successfully for the retention of Title IV. Johnson signed the bill, with its governmental inducements for new community development, on August 1, 1968 [17].

Passage of the New Communities Act sparked increased activity by reformers who expressed concern about some of the bill's shortcomings and sought to broaden the scope of the legislative mandate in the future. Laurance G. Henderson, an urbanist whose earlier lobbying efforts had resulted in the allocation of government funds for historic preservation, organized the National Committee on Urban Growth Policy to promulgate new town development. With the support of the US Conference of Mayors, National League of Cities, National Association of Counties, and Urban America, Incorporated, Henderson secured the necessary funding from the Ford Foundation to conduct a 2.5 week study of urban growth policy in Europe. Following the examination of new towns in England, Sweden, Finland and Denmark in November 1968, the National Committee on Urban Growth held a series of conferences in the US in the early months of 1969. In its final report, *The New City*, the Committee ambitiously called for the federal government to extend financial assistance for the creation of 100 new communities averaging 100 000 population each and ten new communities of at least one million population [18].

Citing the fascinating possibilities for urban growth management detailed in *The New City*, Congressman Thomas L. Ashley of Ohio persuaded Wright Patman and William Barrett, Chairman of the Housing Subcommittee of the House Banking and Currency Committee, to fund for one year an ad hoc subcommittee on urban growth. Congressman Ashley retained Laurance Henderson to staff the subcommittee, which, beginning in June 1969, heard testimony from over fifty witnesses. At the conclusion of the hearings, Ashley submitted the Housing and Urban Development Act of 1970, Title VII of which established a Council on Urban Growth, raised the ceiling on debenture guarantees to $500 million, and provided for direct loans for new town development [19].

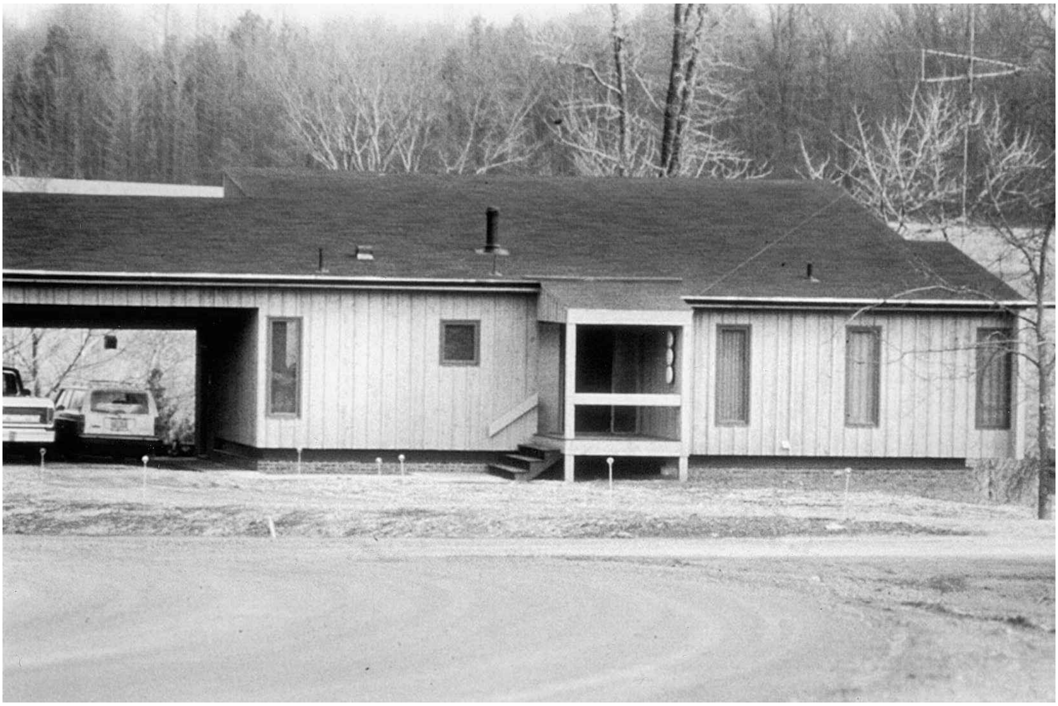

Figure 1. This modest dwelling was one of the few structures completed in Soul City, North Carolina. The only federally-funded new town created in an isolated rural area, Soul City was planned, built, and operated by a group of African Americans under the leadership of civil rights organizer Floyd McKissick. Beset by financial problems and unable to attract industry, this experiment in interracial community was the least successful of the new towns launched in the 1960s and 1970s.

**The beginning of the end: the 1970s**

By 1970, however, much of the momentum generated by the passage of the 1968 law seemed to have been lost. Not until February 13, 1970 did President Richard M. Nixon's Administration approve the first loan under Title IV for the creation of a new town, Jonathan, Minnesota. On July 1, 1970, HUD announced commitments for two other communities – St Charles, Maryland, and Park Forest South, Illinois – but dozens of other applications went unheeded. Although President Nixon commented favourably on federal government involvement in new town building in his 1970 State of the Union address, he declined just two months later to endorse the Ashley bill. At the same time, Nixon overruled plans by HUD Secretary George Romney to forward alternative legislation that provided for new town development. Both Romney, who strongly affirmed his commitment to the idea of new towns and declared his intention to refine Title IV, and Nixon, whose commitment to the enterprise was less evident, assailed the Ashley bill as excessively expensive at a time of rising inflation [20].

Supporters of new towns again mobilized a potent coalition in Congress. In the House of Representatives, Wright Patman, William Barrett, Dan Rostenkowski and Hale Boggs joined Ashley in introducing the bill, while John Sparkman and Edmund Muskie did so in the Senate. No longer as concerned about the loss of resources to the suburbs, the US Conference of Mayors and the National League of Cities lent their endorsements. In large measure, the big city mayors became less antagonistic because the 1970 law provided for the federal government's funding of 'new towns intown'. Based upon a concept suggested several years earlier by planner Harvey S. Perloff, the 'new towns intown' provision allowed for new community formation on large tracts of land within municipal boundaries – in effect, initiating urban renewal on a massive scale. White House aides repeatedly assailed the expansion of the new town provisions, going so far as to send telegrams to all state governors requesting their aid in opposing the measure, but the final version of the Housing and Urban Development Act of 1970 passed by Congress contained Title VII. Unwilling to veto the omnibus housing law solely because of one troublesome portion, Nixon signed the bill on December 31, 1970 [21].

Few new towns materialized, however, because the executive branch of the federal government still responded haltingly to the legislative mandate. At a time when Nixon was recounting the virtues of fiscal restraint and urging a 'new federalism' whereby state and local governments were being induced to supplant the federal government in social welfare provision, Title VII's allowances for increased spending directed from Washington sounded a discordant note in the White House. Edward Logue, the famed urban redevelopment director of New Haven and Boston, said:

> I think this Administration does not really feel that the users of low and moderate income housing are a part of its constituency... I think they are trying to make clear, in a variety of ways, that the idea of government as the solver of social problems is an idea that has been around long enough, and they want to try some other idea. [22]

From the outset, the President and his agents in the executive branch managed through both action and inaction to blunt new towns development. Title VII stipulated that the programme would be administered by the New Community Development Corporation

**Figure 3.4 Village Center at Woodlands.**

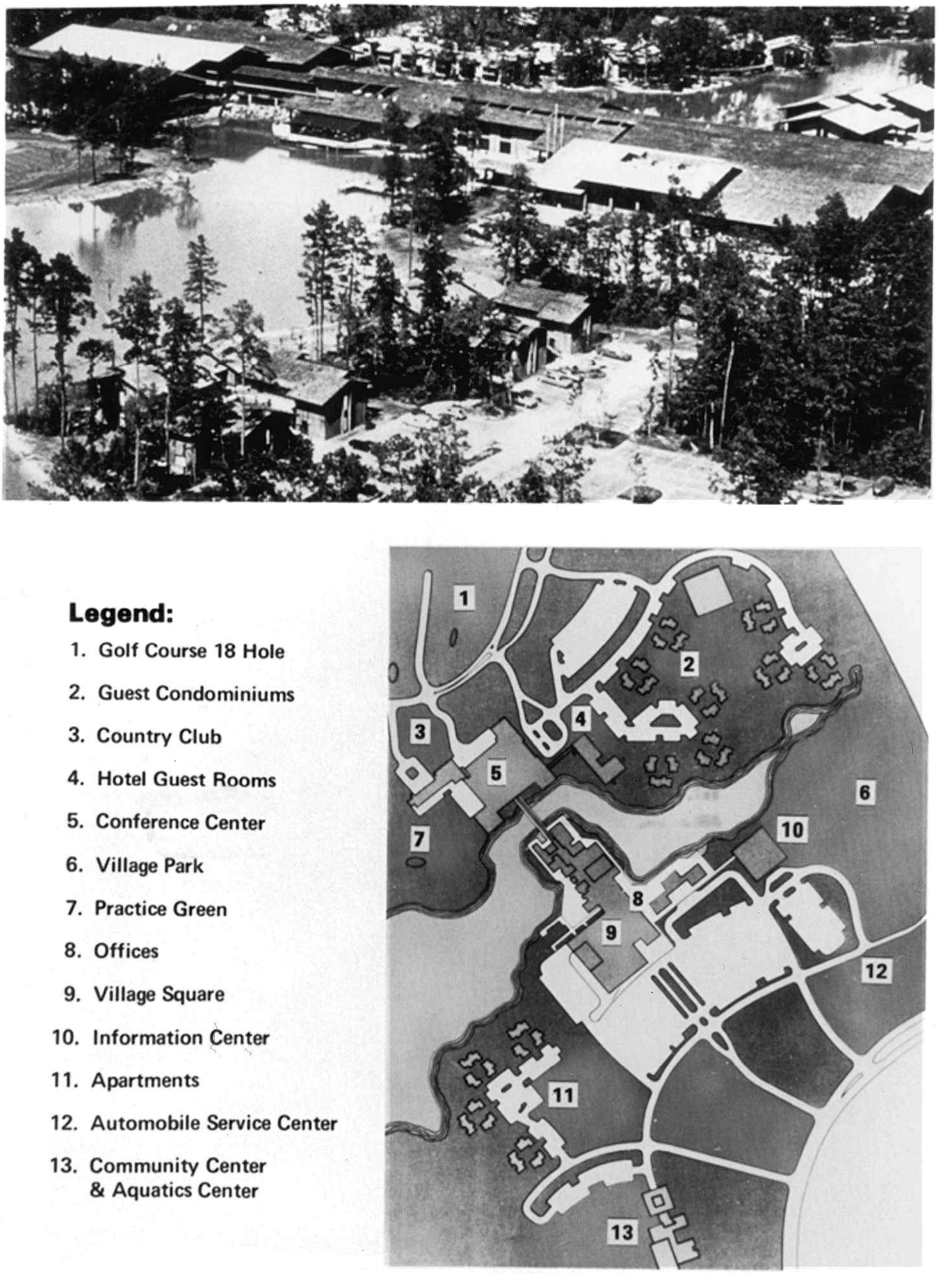


Figure 2. This picture and diagram, produced as an advertisement for potential homebuyers and investors in The Woodlands, Texas, demonstrate the builder's commitment to creating a comprehensively planned community replete with amenities for the middle-class resident. Generously funded by a Houston-based oil company, The Woodlands became the new towns programme's most successful and enduring venture.

(NCDC), whose five members would be appointed by the President subject to Senate confirmation. Ostensibly independent yet situated within HUD, the corporation lacked an operating budget and an independent staff. Its charter members included three HUD officers, an undersecretary in the Department of Transportation, and only one person from outside the executive branch, a New York businessman. Although the NCDC supposedly oversaw the work of the Office of New Community Development (ONCD), which had been established by Title IV, the new corporation lacked the authority to approve preliminary applications. Title VII provided for fifty staff members in the ONCD, but HUD only allocated the funding for thirty, and the resultant understaffing led to a huge backlog of unprocessed new community applications. ONCD staffers refused to schedule pre-application interviews with developers and, as a consequence, the logjam intensified [23].

Compounding the structural and bureaucratic impediments, the Office of Management and Budget (OMB) followed a presidential directive to clinch the federal purse strings. First, the OMB impounded the $3.5 million in application fees collected from prospective new town developers and refused to release the funds for the purpose of hiring new staff for the ONCD. Second, bowing to President Nixon's preference for general revenue allocations rather than categorical grants to cities, the OMB would not allocate $5 million earmarked in Title VII for innovative planning. Most important, the OMB approved loan guarantees but repeatedly denied funding for the many grant programmes authorized in the 1970 law. According to Congressman Ashley, Secretary George Romney and William J. Nicoson, Director of ONCD, never sought to undermine the new towns effort, but 'they got shot down by the Office of Management and Budget... because OMB never went for the grants'. Romney, who recommended to Nixon the creation of thirty new towns over a three-year period unless budgetary constraints necessitated the reduction of the programme to thirty in five years, agreed with Ashley [24]. The HUD Secretary said:

> In the process of enactment of the legislation the administration was opposed to some of the provisions and made its opposition known. And when you get into a situation such as the one we are in, where the OMB has the responsibility of cutting back appropriations to live within outlined ceilings, the probability is that when those things have been enacted and involve some obligations of actual outlays, they are the things that are going to suffer first. [25]

While the federal agencies erected roadblocks to hinder programme development and moved with excruciating deliberateness to process pending requests for funding, the number of applications dwindled. As the New Communities Administration itself reported, 'Given the level of risk associated with large-scale development and the clear lack of support for Title VII at the Federal and local levels, few experienced large-scale developers were willing to undertake a Title VII project' [26].

In 1972 a frustrated William Nicoson resigned the top post at ONCD, and ten of his key subordinates quickly followed. When they were not replaced, the problem of inadequate staffing only worsened. Title VII encouraged the inclusion of significant amounts of low- and moderate-income housing in new communities, but that became impossible after January 1973 when Nixon declared a moratorium on federal subsidized housing. By 1974 virtually all attempts at new community development had ceased, and in January 1975 James Lynn, President Gerald Ford's Secretary of HUD, announced that ONCD would accept no additional applications for new town funding, all applications under review would be returned to the developers, and available resources would be devoted to refinancing the existing projects. Limited to a scale much smaller than its proponents envisaged, the new town programme would be judged successful or not based upon the relatively few projects completed during the Nixon presidency [27].

During the life of the programme, under the auspices of Titles IV and VII, HUD provided loan guarantees and direct grants for thirteen new towns, including one new town intown (Cedar-Riverside, near the Minneapolis, Minnesota central business district); one isolated community in an economically backward rural area (Soul City, North Carolina, 45 miles north of Raleigh–Durham); and eleven towns near metropolitan areas – Flower Mound, Texas, 22 miles north-west of Dallas; Gananda, New York, 12 miles east of Rochester; Harbison, South Carolina, 8 miles north-west of Columbia; Jonathan, Minnesota, 25 miles south-west of Minneapolis; Maumelle, Arkansas, 12 miles north-east of Little Rock; Newfields, Ohio, 7 miles north-west of Dayton; Park Forest South, Illinois, 30 miles south


Figure 3. The only 'new town in town', Cedar-Riverside was built near the central business district in Minneapolis, Minnesota. This model of the project shows the high-rise apartment buildings surrounded by low-rise structures and open land reminiscent of Le Corbusier's 'vertical garden city' (tower-in-the-park) ideal.

of Chicago; Riverton, New York, 10 miles south of Rochester; Shenandoah, Georgia, 35 miles south-west of Atlanta; St Charles, Maryland, 25 miles south-east of Washington, DC; and The Woodlands, Texas, 30 miles north of Houston. In addition, three communities – Roosevelt Island, New York; Radisson, New York; and Park Central, Texas – received only grant assistance [28].

HUD officials and real estate experts readily identified the economic factors that undercut

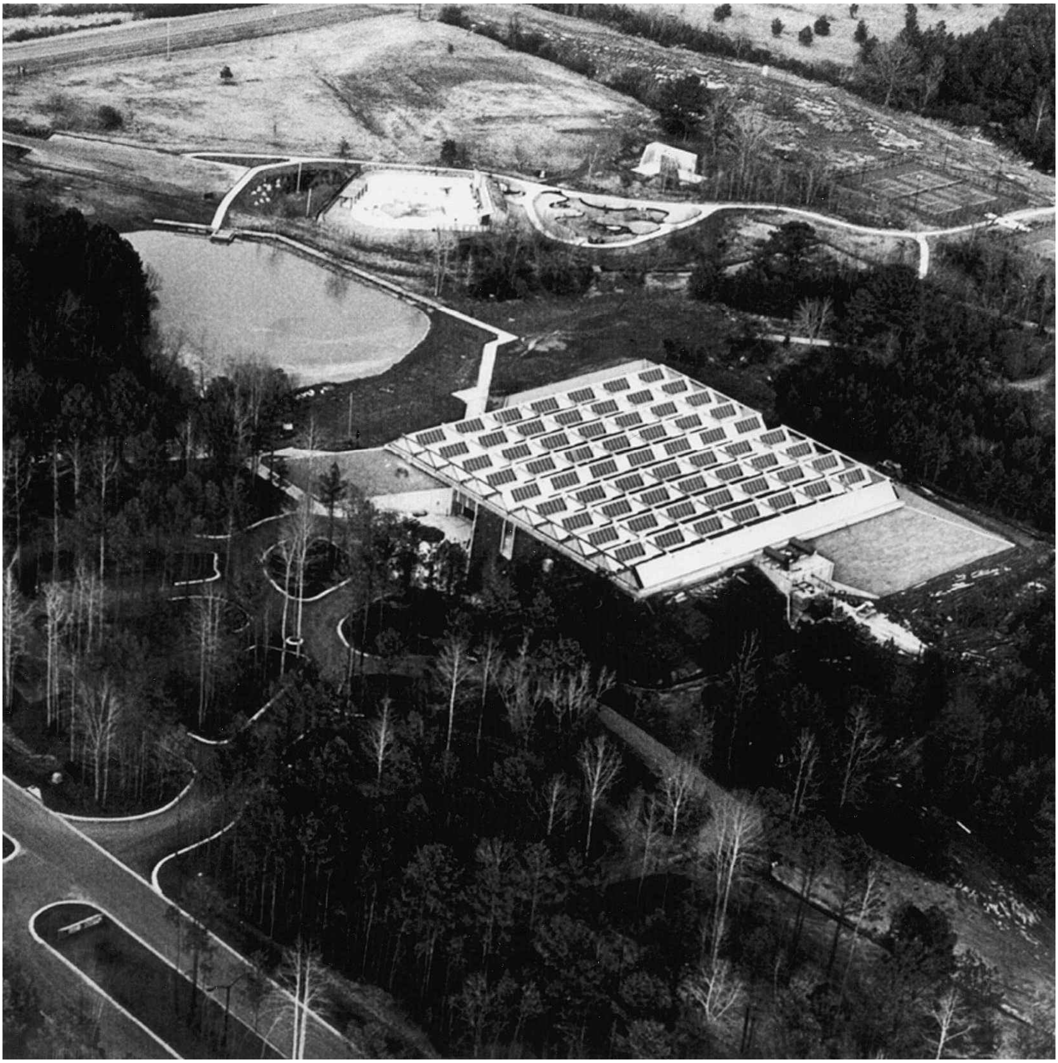

Figure 4. Shenandoah, Georgia, built outside of Atlanta, included an ice skating rink and a solar-powered recreation hall in the community centre. Several of the new towns constructed in the 1960s and 1970s attempted such innovation.

these new towns, citing as the primary reason the inadequate financial mechanism provided by Title VII. Developers had to borrow heavily at unexpectedly high interest rates to acquire land, employ planners, construct homes, and market the product just to earn a moderate return on their investments. When residential and industrial sales lagged far below projections, developers charged prohibitively high rents that drove away potential customers. As HUD staffers concluded, developers could pay their bills only if given a considerable writedown on the cost of the land, an impossibility with the scanty financial resources made available under the existing legislation. As early as 1965, a White House urban task force that endorsed new towns cautioned that no complement of loans from the federal government would suffice; instead, some sort of 'land bank' would have to provide capital on a massive scale and developers must be granted the power of eminent domain to mitigate the high cost of land acquisition. Without these financial aids, HUD's investments became irretrievably mired in debt [29].

Compounding the problem of capital shortages, the new towns programme commenced during the rapid decline of the real estate market in the 1970s. Large-scale residential subdivisions typically ran deficits in their initial five or six years, and the already fragile new community programme immediately ran headlong into a series of economic downturns. Because HUD's tortuous application process required at least fifteen months to complete, most of the Title VII communities were unable to begin construction until 1972. A severe housing recession in 1974–5, followed by another real estate collapse and skyrocketing interest rates in 1979–82, produced a wretched economic climate for investors. Crippled in their infancy, these new towns never fully recovered economically. At the same time, the surge in condominium construction and sudden popularity of real estate investment trusts provided more attractive outlets for precious capital in tight money markets [30].

Many reformers and investors counselled forbearance, urging HUD to absorb the losses and ride out the economic storm. Floyd McKissick, the developer of Soul City, North Carolina, exclaimed:

> You are taking a baby nine months old and asking why he is not a lawyer. You say you are going to make loans, then make the loans. Don't send me to a restaurant and tell me my budget is 50 cents when I haven't eaten in two months. [31]

Almost from the beginning, HUD had begun taking remedial measures to salvage a portion of its investment. Following Riverton, New York's near-bankruptcy in 1974, HUD assumed a $1 million interest payment in 1975 for the financially distressed developers of Park Forest South, Illinois. By 1976 all of the new communities that received federal loan guarantees, except The Woodlands, Texas, had declared bankruptcy or reported its likelihood. By 1981 HUD foreclosed on nine of the new towns that defaulted on their debt repayments and sold the land in those communities in sections or wholly to new developers; the agency refinanced three (St Charles, Maumelle and Harbison) that still offered hope of survival. Only The Woodlands had established economic viability. On September 30, 1983, after fifteen years and the expenditure of $590 million in unrecoverable loan guarantees and grants, HUD officially terminated the new towns effort [32].

**The reasons for the demise of the new towns**

By the 1980s, the reasons for the final collapse of the moribund new towns initiative were clear. The inability of the Johnson Administration to obtain the desired legislation initially owed not only to the steadfast opposition of the business organizations that traditionally opposed all varieties of housing reform as a threat to free market capitalism but also to the lack of support from liberal groups more congenial to federal government activism to solve urban problems. Big city mayors and the organizations that represented their interests resisted changes that seemed to encourage any form of suburbanization, preferring urban renewal and public housing as solutions that they hoped would create a centripetal effect in the nation's metropolitan areas. By the time that these interests had been sufficiently mollified and the necessary political power mobilized to achieve the legislative victories, the Johnson Administration was entering its last days. Like many other Great Society programmes that foundered in the less congenial environment of the Nixon era, the new towns suffered when the Republican White House suffocated the programme in bureaucracy and refused to provide the financial support authorized by Congress – a precarious situation exacerbated by a stagnating national economy that undermined the

Figure 5. The new town programme's goal of ethnic and class diversity may have been best realized in New York City's Roosevelt Island, one of three communities that received grants but no loans from the federal government. Such diversity is reflected in this photograph taken at a Roosevelt Island playground.

real estate market and made any speculative building ventures hazardous. Simply put, the new towns perished in floods of red tape and red ink. As those who have evaluated the Great Society less harshly have argued in defense of the War on Poverty, Model Cities, and other reputed programme failures, inadequate funding over a truncated trial period inevitably provided scant opportunity for success [33].

The dissolution of the small-scale, sparingly-funded new towns initiative likewise represented another flawed attempt to apply planning principles to address the myriad problems of America's large cities. The resistance to an expanded role for government in housing, which surfaced as strongly in the 1960s regarding the new towns as it had three decades earlier in reference to Rexford Tugwell's greenbelt towns, reflected the same antipathy toward a national urban growth policy. 'Housing and urban development' remained functions of private enterprise, despite the creation of a cabinet-level department by that name in the federal government in 1965. The demise of the new towns simply reinforced the conventional wisdom that the comprehensive planning and community development that succeeded in post-World War II England and Scandinavia could not work in a very different American culture. Assuming that private enterprise could build new towns with just limited government aid, US policy makers stopped far short of investing the state's full power and financial resources – and then identified the new towns experiment as a failure of government. Warren T. Lindquist, who administered the programme as general manager of the NCDC, echoed that consensus when he concluded: 'I think we've demonstrated that the government doesn't belong in this business, and I hope we have learned that and don't try to do it again'. Lindquist and other critics saw the new towns story not in the light of the political and economic conditions that undermined the reform effort but rather as proof that government planning remained less efficacious than housing development by private interests [34].

**Acknowledgement**

All figures are produced with permission of the National Archives at College Park Maryland (Still Picture Branch).

**Notes and references**

1. Senate Committee on Government Operations, *Hearings Before the Subcommittee on Executive Reorganization of the Committee on Government Operations*, 89th Cong., 2nd Sess., 1966, pt. 1: 1–4, 29–31, 97–9, 152–3, 163–5 and 184–5.
2. *New York Times*, February 17, 1964; 'New Towns in Metropolitan Development', November 30, 1965, Kermit Gordon Papers, Box 78, 'White House Urban Task Force-III', John F. Kennedy Library, Boston, Massachusetts; 'A Federal Program For New Communities', Task Force Collection, Box 24, 'Interagency 1967 Task Force on New Towns', Lyndon B. Johnson Library, Austin, Texas.
3. Ebenezer Howard quoted in Gordon Edwards, The Greenbelt Towns and the American New Towns. *Journal of the American Institute of Planners* **32** (July 1966) 225. Also see Carlos C.

Campbell, *New Towns: Another Way to Live*. Reston, Virginia: Reston Publishing Company, 1976, p. 19; and Mel Scott, *American City Planning*. Berkeley: University of California Press, 1969, p. 89–90.

4. Clarence Stein, *Toward New Towns For America*. New York: Reinhold, 1957, p. 19, p. 217 (quotation). On Ebenezer Howard's influence on the RPAA, see Roy Lubove, *Community Planning in the 1920's: The Contribution of the Regional Planning Association of America*. Pittsburgh: University of Pittsburgh Press, 1963. Also see Edward K. Spann, *Designing Modern America: The Regional Planning Association of America and Its Members*. Columbus: Ohio State University Press, 1996; Daniel Schaffer, *Garden Cities for America: The Radburn Experience*. Philadelphia: Temple University Press, 1982; and F.J. Osborn, New Towns For America?. *Town and Country Planning* **21** (January 1953) 44–9.
5. C. Stein, *op. cit.* [4] p. 183; Hugh Mields, Jr., *Federally Assisted New Communities: New Dimensions in Urban Development*. Washington, D.C.: Urban Land Institute, 1973, p. 13; James A. Clapp, *New Towns and Urban Policy: Planning Metropolitan Growth*. New York: Dunellen, 1971, p. 34. The two best sources on the greenbelt towns are Joseph L. Arnold, *The New Deal in the Suburbs: A History of the Greenbelt Town Program, 1935–1954*. Columbus: Ohio State University Press, 1971; and Paul K. Conkin, *Tomorrow a New World: The New Deal Community Program*. Ithaca: Cornell University Press, 1959. The story of Greenhills, Ohio is told in Zane Miller, *Suburb: Neighborhood and Community in Forest Park, Ohio, 1935–1976*. Knoxville: University of Tennessee Press, 1981. Also see Albert Mayer, Greenbelt Towns Revisited. *Journal of Housing* **24** (January 1967) 12–26.
6. 'New Towns in Metropolitan Development' *op. cit.* [2]; William G. Holford, British New-Town Planning. *Journal of the American Institute of Architects* **15** (January 1951) 46–50; C. Campbell, *op. cit.* [3], pp. 221–32, 235; 'New Towns in Metropolitan Development: Background Paper No. 5', November 30, 1965, Joseph Califano Papers, Box 93, 'Model Cities Legislative Background, Part One', Lyndon B. Johnson Library, Austin, Texas; H. Mields, Jr. *op. cit.* [5], pp. 13–15; 'A Federal Program For New Communities', *op. cit.* [2]; Wolf Von Eckardt, 'The Case for Building 350 New Towns', *Harper's Magazine* **231** (December 1965) 93; Hoyt Gimlin, New Towns, in William B. Dickinson, Jr. (ed.) *Editorial Research Reports on the Urban Environment*. Washington, D.C.: Congressional Quarterly, 1969, p. 169; 'Face-Lifting', *Newsweek* **63** (February 10, 1964), p. 68 (quotation). Some planners and architects argued for decentralization as an aspect of civil defense in the atomic age. See, for example, Albert Mayer, A New-Town Program. *Journal of the American Institute of Architects* **15** (January 1951) 5–10.
7. Hugh Mields, Jr., New Communities: Issues and Implementation, in Gideon Golany and Daniel Walden (eds) *The Contemporary New Communities Movement in the United States*. Urbana: University of Illinois Press, 1974, p. 88; *New York Times*, *op. cit.* [2]; Wolf Von Eckardt, The President's Plan for Urban America. *The New Republic* **150** (February 8, 1964) 9; Housing Message Calls For Aid To Suburbs. *Architectural Record* **135** (March 1964) 32 (quotation); 'Chronological History of the New Communities Act of 1968', White House Central File, James Gaither Office Files, Box 11, 'Housing – General, 1967', Lyndon B. Johnson Library, Austin, Texas; For LBJ's Housing Bill: Mostly Criticism. *Architectural Forum* **120** (April 1964) 79.
8. Land Loans: Congress is Cool. *House and Home* **25** (April 1964) 6 (quotation), 7; National Association of Home Builders, *New Towns: A Conference*. Washington, D.C.: National Association of Home Builders, 1964, p. 8; For LBJ's Housing Bill, *op. cit.* [7], p. 5; *United States Statutes at Large*, 88th Cong., 2nd Sess., 1964, 78: 769–808.
9. 'Outside 1964 Task Force on Metropolitan and Urban Affairs', Task Force Collection, Box 2, Lyndon B. Johnson Library, Austin, Texas; W. Von Eckardt, *op. cit.* [6], p. 85 (quotation); H. Mields, Jr., *op. cit.* [5], p. 22.
10. House Committee on Banking and Currency, *Hearings Before the Subcommittee on Housing of*

*the Committee on Banking and Currency*, 89th Cong., 1st Sess., 1965, Pt 1: 434, 551 (quotation), 878, and Pt. 2: 587; 'Interagency Task Force on Urban Affairs and Housing', Task Force Collection, Box 11, Lyndon B. Johnson Library, Austin, Texas.

11. House Committee on Banking and Currency, *op. cit.* [10], p. 524. Cavanaugh offered comparable commentary in the following: Housing Bill: Complex and Controversial. *Nation's Cities* **3** (April 1965) 13–14; and W. Von Eckardt, 85.
12. Robert Weaver, *Dilemmas of Urban America*. Cambridge: Harvard University Press, 1965, pp. 36–7 (first quotation); *New York Times*, May 5, 1965 (second quotation); M. Scott, *op. cit.* [3], p. 612; C.C. Campbell, *op. cit.* [3], p. 243; *United States Statutes at Large*, 89th Cong., 1st Sess., 1965, 79: 461–73. Also see New Towns – More Facts Needed. *Nation's Cities* **3** (July 1965) 6.
13. Subcommittee on Housing and Community Development of the House Committee on Banking, Finance, and Urban Affairs, *A Chronology of Housing Legislation and Selected Executive Actions, 1892–1992*. Washington, D.C.: Government Printing Office, 1994, p. 129; Nathaniel H. Rogg, Statement, July 1, 1966, Joseph Califano Papers, Box 91, 'Model Cities, General, 1', Lyndon B. Johnson Library, Austin, Texas; Carl Feiss, USA: New Communities – or Their Simulacrum. *Town and Country Planning* **35** (January 1967) 34–6; J.A. Clapp, *op. cit.* [5], pp. 190, 213, n. 95; *United States Statutes at Large*, 89th Cong., 2nd Sess., 1966, 80, Pt 1: 1271–3.
14. *Congressional Record*, 90th Cong., 1st Sess., 1967, 113, Pt. 24: 33441–3; 'Special Message to the Congress on Urban Problems: "The Crisis of the Cities"', *Public Papers of the Presidents of the United States: Lyndon B. Johnson, 1968–69*. Washington, D.C.: Government Printing Office, 1970, p. 262 (quotation); Joseph Califano to Lyndon B. Johnson, September 28, 1968, White House Central File, James Gaither Office Files, Box 195, '1967–68 TF on New Towns', Lyndon B. Johnson Library, Austin, Texas; 'Summary, Report of the Task Force on New Towns, October 16, 1967', Task Force Collection, Box 24, 'Interagency 1967 Task Force on New Towns', Lyndon B. Johnson Library, Austin, Texas; Irwin Unger, *The Best of Intentions: The Triumph and Failure of the Great Society Under Kennedy, Johnson, and Nixon*. New York: Doubleday, 1996, p. 275. Also see Charles M. Haar, New Financing... For Planned Communities. *The Mortgage Banker* (September 1968) 9–13.
15. Senate Committee on Banking and Currency, *Hearings Before the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking and Currency,* 90th Cong., 2nd Sess., 1968, Pt 1: 295, 556 and Pt 2: 784; House Committee on Banking and Currency, *Hearings Before the Subcommittee on Housing of the House Committee on Banking and Currency*, 90th Cong., 2nd Sess., 1968, Pt 1: 269 (quotation).
16. House Committee on Banking and Currency, *op. cit.* [15], p. 241.
17. House Committee on Banking and Currency, *op. cit.* [15], Pt 2: 989; Senate Committee on Banking and Currency, *op. cit.* [15], Pt 1: 394 and Pt 2: 843; National Commission on Urban Problems, *Building the American City*. Washington, D.C.: Government Printing Office, 1968; Advisory Commission on Intergovernmental Relations, *Urban and Rural America: Policies for Future Growth*. Washington DC: Government Printing Office, 1968; American Institute of Planners, *New Communities: Challenge for Today*, New York: American Institute of Planners, 1968; Charles M. Haar to Lyndon B. Johnson, May 17, 1968, White House Central File, James Gaither Office Files, Box 195, '1967–68 TF on New Towns', Lyndon B. Johnson Library, Austin, Texas; H. Mields, Jr, *op. cit.* [7], p. 88; *United States Statutes at Large*, 90th Cong., 2nd Sess., 1968, 82: 513–18.
18. National Committee on Urban Growth Policy, *The New City*. New York: Praeger, 1969, pp. 13–14, 172.
19. Jack A. Underhill, New Communities Planning Process and National Growth Policy, in Gideon Golany and Daniel Walden (eds), *op. cit.* [7], pp. 89–90.
20. *New York Times*, June 7, 1970; Raymond J. Burby, III and Shirley F. Weiss, *New Communities*

*USA*. Lexington, MA: D.C. Heath, 1976, pp. xviii, 60; *State of the Union Message, President Richard M. Nixon*, January 20, 1970, H. Doc. 91–226, 91st Cong., 2nd Sess., 8; H. Mields, Jr, *op. cit.* [5], 25.

21. Hugh Mields, Jr, The Politics of Federal Legislation for New Community Development, in Shirley F. Weiss, Edward J. Kaiser, and Raymond J, Burby, III (eds) *New Community Development: Planning Process, Implementation, and Emerging Social Concerns*. Chapel Hill: Center for Urban and Regional Studies, 1971, pp. 249, 255–9; Harvey S. Perloff, New Towns Intown, *Journal of the American Institute of Planners* **32** (May 1966) 155–61; *United States Statutes at Large*, 91st Cong., 2nd Sess., 1970, Vol. 84, Pt 2: 1791–805.
22. C.C. Campbell, *op. cit.* [3], p. 211. The Nixon administration opposed David Rockefeller's plan to expand new community development because of its expected centralization of power in the federal government and rejection of the president's revenue-sharing proposals. Emil H. Frankel to Richard C. Van Dusen, April 14, 1971, General Records of the Department of Housing and Urban Development, Office of the Under Secretary, Subject Files of Richard C. Van Dusen, 1969–72, Record Group 207, Box 50, 'White House Correspondence, Part II, 1971–1970–1', National Archives II, College Park, Maryland.
23. Francine F. Rabinovitz and Helene V. Smookler, Rhetoric Versus Performance: The National Politics and Administration of US New Community Development Legislation, in Harvey S. Perloff and Neil C. Sandberg (eds) *New Towns: Why – And For Whom*? New York: Praeger, 1973, pp. 98–9; Jack A. Underhill, *op. cit.* [19], pp. 92–3.
24. Francine F. Rabinovitz and Helene V. Smookler, *op. cit.* [23], pp. 99–100; *Washington Post*, January 14, 1975 (quotation); George Romney to Richard M. Nixon, May 22, 1970, General Records of the Department of Housing and Urban Development, Office of the Under Secretary, Subject Files of Richard C. Van Dusen, 1969–72, Record Group 207, Box 50, New Communities, 1970–1972, National Archives II.
25. Francine F. Rabinovitz and Helene V. Smookler, *op. cit.* [23], p. 100.
26. New Communities Administration, Department of Housing and Urban Development, *New Communities: Problems and Potentials*. Washington DC: Government Printing Office, 1976, p. 7.
27. New Communities Development Corporation, 'PD&R Evaluation Report', General Records of the Department of Housing and Urban Development, NCD Corporation, Briefing Books, Record Group 207, Box 8, 'July 10, 1975', National Archives II; C.C. Campbell, *op. cit.* [3], pp. 247, 252; R.J. Burby, III and S.F. Weiss, *op. cit.* [30], p. xxv.
28. New Communities Administration, Department of Housing and Urban Development, *op. cit.* [26], pp. 4–14; Mary-Margaret Wantuck, Those New Towns, Fifteen Years Later. *Nation's Business* **71** (October 1983) 43. In a survey of housing experts conducted by HUD, about 80% of respondents estimated that at least 120 new towns would need to be constructed to have a significant influence; fully 16% said there should be 300–500 new towns built. New Community Development Corporation, 'Executive Summary: First Iteration of NCA Delphi Study', General Records of the Department of Housing and Urban Development, NCDC, Briefing Books, Record Group 207, Box 7, 'October 31, 1974–3', National Archives II.
29. Cedar–Riverside Project Area Committee, 'Position on Solution to the New Community Development Crisis', January 9, 1976, General Records of the Department of Housing and Urban Development, New Community Development Corporation, Record Group 207, Box 11 (Briefing Books), 'December 10, 1976–1', National Archives II; 'New Towns in Metropolitan Development', *op. cit.* [2].
30. M.-M. Wantuck, *op. cit.* [28], p. 43; *Washington Post*, January 14, 1975.
31. *Washington Post*, January 14, 1975.
32. New Community Development Corporation, 'New Communities Budget For FY 1984', General Records of the Department of Housing and Urban Development, NCDC, Briefing Books, Record

Group 207, Box 18, 'Sept. 14, 1982–3', National Archives II; Helene V. Smookler, Administration Hara-Kiri: Implementation of the Urban Growth and New Community Development Act. *Annals of the American Academy of Political and Social Science* **422** (November 1975) 137–8. Can 'New Towns' Survive the Economic Crunch?. *Business Week* **2367** (February 10, 1975) 43–4; Richard Karp, Building Chaos: The New Town Program Is a Multimillion-Dollar Mess. *Barron's National Business and Financial Weekly* **56** (September 6, 1976) 8–12; and M.-M. Wantuck, *op. cit.* [28], pp. 42–3. Also see these monographic studies of new towns: George T. Morgan, Jr. and John O. King, *The Woodlands: New Community Development*, 1964–1983. College Station: Texas A&M University Press, 1987; and Frederick Steiner, *The Politics of New Town Planning: The Newfields, Ohio, Story*. Athens: University of Ohio Press, 1981.

33. Detailed evaluations of the Great Society are found in Irwin Unger, *op. cit.* [14], especially pp. 343–66; and Bruce J. Schulman, *Lyndon B. Johnson and American Liberals: A Brief Biography with Documents*. Boston: Bedford Books, 1996, pp. 99–102.
34. Washington *Post*, February 1, 1975; M.-M. Wantuck, *op. cit.* [28], p. 42 (quotation).