

October 15, 1962

Mr. Irving G. Bjork, Vice President
Connecticut General Life Insurance Company
Hartford, Connecticut

Dear Irv:

You will find enclosed basic data and preliminary economic projections on the proposal which I discussed with you briefly on the telephone.

It is our purpose to assemble and acquire approximately 12,000 acres of land in the corridor between Baltimore and Washington and to plan and develop thereon a New City of approximately 100,000 people. Our purpose is twofold: first to make a profit and secondly, to discover and to demonstrate what can be accomplished by bringing to bear in the planning and development of a New City the knowledge and experience that has been gained about urban living and the finest skills and talent that are available in the fields of planning and urban design. We believe that, in this effort, profit and public interest are not only compatible but that the responsible pursuit of each strengthens the other.

A New City, thoughtfully and imaginatively planned to meet the needs of urban living today, would have very special appeal to both the people and the industry which are necessary to profitable development. On the other hand, if a well planned New City is to have any real significance in pointing the way to the kind of urban development which might be substituted for endless urban sprawl, then it must be highly profitable. And, if it can be shown that the development of a well planned New City in fact creates a strong market for housing, a more stable market for apartments, and a more profitable market for business and industry, then developers will pursue the processes by which fine, small New Cities can be built in our metropolitan areas in lieu of a succession of dormitory neighborhoods.

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The risk and profit considerations in the venture we propose seem unusually attractive. Most of the equity capital will be invested in the purchase of bare land at prices well below that which is being paid by developers in the urban fringes of Baltimore and Washington close by the target area. It takes no dramatic increase in the rate of growth of Baltimore and Washington and no sudden turn of development trends to bring the suburbs of Baltimore and Washington into the target area. It is now only 20 miles from the new Baltimore Beltway to Washington's circumferential highway, which is now being completed. Suburban development of both cities extends beyond their new beltways. The corridor between Baltimore and Washington is rapidly being filled in. Over one-third of the land in the area is already owned by federal and local government and public institutions. Thus, there is increasing urban pressure on a shrinking supply of available land. At our projected price of \$1,500 per acre, it would seem reasonably certain that the purchase of the land would constitute a rewarding speculation even if the development of the New City, for one reason or another, was never undertaken. Furthermore, a careful study of the individual holdings that would have to be acquired and of the prices at which land has recently changed hands in the area, would indicate that the projected price of \$1,500 per acre is a reasonable one. This is further borne out by the fact that as a first step in this venture, we have acquired 6 parcels totaling 1,100 acres at an average price of just under \$600 per acre.

The economic projections for the development of the community indicate a peak equity requirement in the fifth year of approximately \$16,000,000. However, \$8,000,000 of this is for the installation of public utilities, a large part of which might be publicly financed.

The development is projected over a period of 12 years with the first 3 years being devoted largely to land acquisition and planning. The preliminary projections show a cash profit, before taxes, of approximately \$65,000,000 plus the ownership in the development corporation of income producing properties (apartments, commercial and industrial) with an equity value in excess of \$40,000,000.

Once we are assured of the necessary equity capital to proceed with the project, we would organize an intensive but carefully disguised effort to acquire land in the target area. We do not consider it necessary to obtain

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all of the acreage within the proposed boundaries of our New City provided we own sufficient land to control the environment and the plan of the community. We have estimated that this requires 80% of the acreage within the boundaries of the community. Our studies indicate that approximately 125 purchases will be necessary to achieve 80% ownership in a 15,000 acre area. We believe this can be successfully completed within 3 years.

To plan and develop the New City we would set up a separate corporation with its own full-time personnel. This corporation would be operated under the direction of Community Research and Development, Inc. In producing the plan and development program, we would call upon the best available talent in the country in the fields of planning, urban design, and also in education, recreation, and the social and political sciences. Unburdened by the obsolescence and deterioration which drags down existing cities, it should be possible to plan a New City which could substantially lift the standards of education, recreation, open spaces, beauty, municipal facilities and the over-all efficiency and livability of the community. It should be possible to create a city which would serve so well the needs of its people that it would enjoy the fruits of a strong market among people and business which would seek to locate there.

That is our purpose and it would be difficult to conceive of a target area with the potential of the one that has been chosen. The Baltimore-Washington area is much the fastest growing in the entire Eastern Seaboard. Maryland followed Florida and California in rate of growth among the major states of the union (population over 2,000,000) in the '50-'60 decade. Washington was third and Baltimore fifth in rate of growth among the 15 largest metropolitan areas. The combined Baltimore-Washington area ranks third in rate of growth among major metropolitan areas and has the highest growth rate east of the Mississippi. Total population in the Baltimore-Washington area was 3,700,000 in 1960. It is projected at 4,700,000 by 1970 and 5,900,000 by 1980. The centers of the two cities are only 35 miles apart. Their suburban fringes already reach to within 10 or 15 miles of one another. A New City located between Baltimore and Washington would have available, within 30 minutes on each side, the great universities

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of each city, their museums, their symphony orchestras, their theatres, their professional athletic teams, their newspapers, their radio and television stations, their hospitals, etc. Friendship Airport is 15 minutes away. It is 15 minutes to the Chesapeake Bay and an hour to the mountains of Western Maryland.

It is our firm conviction that a city of 100,000 people can be built within our target area and within the projected schedule at very substantial profit and with great significance to the future development of America's urban centers.

We propose that Connecticut General provide the funds required to acquire the land for the New City. These funds would be advanced periodically as loans to Community Research and Development, Inc., for 10 years at 6% interest. The loans would be secured by mortgages or deeds of trust on the land or by outright conveyance of the land to Connecticut General. The development corporation would be provided with working capital by CRD to plan the New City and to proceed with its development.

Connecticut General would release land as required for the construction of streets and utilities, but would require payment on the mortgage of, say, twice the original purchase price for any land released for development purposes. If the development proceeds as projected, Connecticut General would be fully repaid in 8 years.

Connecticut General would have the first opportunity in connection with mortgage financing in the New City and would receive as a "kicker" 10% of the stock of the development corporation. The ownership of this stock could, according to the projections, result in Connecticut General receiving 100% return on its investment in addition to 6% interest. At an average price of \$1,500 per acre for land in the target area, we believe that Connecticut General's risk of loss in this investment would be very minimal.

I would be very pleased to have the opportunity to discuss this proposal in more detail with you and Mr. Wilde, either during my visit there on October 30, or at any time before or after that date that you might find convenient.

Best regards.

Sincerely,

James W. Rouse

JWR:bl