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HOUSING FIASCO

What has caused the greatest devastation to American cities and towns during the last seven years? Tornadoes? Hurricanes? Earth quakes? Wrong on all three guesses. The answer is the federal hous ing program which has destroyed $4 billion worth of housing, charged the bill for this man.made disaster to the U.S. taxpayers, and dis placed tens of thousands of people, black and white, middleclass and poor. The additional cost in terms *at* '"ruined neighborhoods, lowered property values of homes left standing, and mental anguish for home owners left living **amid** the destruction cannot even be calculated.

These are some of the startling facts that have emerged from two-separate investigations, one made in Chicago by a team of investi gative newspaper reporters, the other financed by the National Science Foundation at .Washington University in St. Louis. Their reports provide new documentation on how the federal housing program has actually victimized those it was designed to help, and speeded the de cline of the inner cities by encouraging the flight of whites to the suburbs.

It all sounded so humanitarian when the program of government insured mortgages was started in 1968 under the National Housing Act. The objective was to provide hundreds of thousands of low-cost homes on easy terms for low-income families. The way it worked out in practice was quite different. Shoddy new homes were built, or un sound older homes were located, and then sold to buyers who were poor credit risks or even unemployed, with FHA guaranteeing 100 percent of

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the mortgage. After about a year, more or less, either disillusioned with the condition of the house, or too unreliable to continue the monthly payments, the buyer would move out and the mortgage company would foreclose. Vandals and natural decay would complete the de struction of the empty house.

While the mortgage companies find this scenario extremely profit able because they are repaid in full plus interest, the taxpayers are stuck with the loss at an average cost of more than $13,000 per house. FHA has taken possession of 74,000 single-family homes, and another 127,000 more will soon be foreclosed.

The Washington University report, which made a detailed study of five city and ten suburban neighborhoods, blamed part of the problem on the government's abandonment of three criteria for feder ally-insured home mortgages. The property had to be sound and worth the selling price, the neighborhood sound, and the potential buyer a good credit risk. When mortgages were granted without these essential requirements, the result was that the costs all were loaded onto the taxpayers.

The quick turnover of property ownership has been rotting the very neighborhoods that the federal housing program was designed to save. James M. Alter, a Chicago businessman who served as chairman of the Illinois Governor's Commission on Mortgage Practices, said recently that, "outside of Watergate and Vietnam, there is no greater scandal than in FHA and HUD housing."

FHA and HUD were promoted by the liberal politicians on the faulty premise that government spending by the bureaucratic elite can remedy our economic ills. The sorry result is that, after spending billions of dollars, our cities are worse off now than if the govern ment had never tackled the housing problem.

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