



SOCIALIST HOUSING

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■ It is the Year of 1984 plus 7 and Fred Martin, also known as 159-4808-001, picks up his lunch bucket and prepares to get off the Federal Areas Rapid Transit train at Station 172. The train, as usual, is running forty-five minutes late. There is no explanation and the local ombudsman, a cousin of the Federal Regional Director, seldom answers the telephone any-

more. Martin has just put in six dreary hours, plus three hours of mandatory voluntary overtime, on the assembly line at the local Federal Automobile Factory, which now manufactures only buses. He has been assigned to his current job for five years.

As Fred Martin emerges from the tunnel at Station 172, he picks up the tempo of his walk. This neighbor-

hood, like most others, is a theater of nightly muggings. He hurries down F14 Avenue and turns right on 284B Street, where he has been assigned to Apartment 381 in King-Kennedy Courts.

Martin's home is a cubicle in a concrete, fortress-like structure. The bare walls of the entrance are painted the nation's most popular color, Federal Gray. Now he must walk up nineteen flights, as the elevators have not functioned since last February. The company in charge of maintenance got the contract because of its friendly relations with the district Federal Supervisor of Housing. But there are advantages to living in a building whose elevators do not work. Since they stopped, robberies and rapes within the complex have been reduced by half, and many of the burglars who live on the lower floors are too lazy to climb the stairs to rob those living closer to the sky.

It all seems mad, of course, but this scenario is a logical projection of trends which have been accelerating in the United States for the past forty-five years. Here we will confine our discussion of these trends to housing. Since we last month described the current boom in that field, perhaps a short synopsis is in order.

The average price of a new home in the United States is now \$53,000, requiring a down payment of \$13,600. The effective interest rate on the mortgage is just a hair under nine percent. A recent federal survey concluded that the median value of a single-family home had risen ninety percent between 1970 and late 1976, while the median income had increased just forty-five percent.

The first-time homebuyer is rapidly becoming an endangered species. He has no inflated equity in his present dwelling to parlay into a new home. And, trying to squirrel away

thirteen thousand dollars or more for a down payment is like trying to recite the Gettysburg Address backwards — not impossible, but very difficult indeed.

Yet this year Americans are buying homes in record numbers. This does not belie our contention that private home ownership is being killed off like the buffalo. In fact, it shows how completely Americans are convinced that we are correct. Contractors, real-estate developers, and mortgage bankers all say that people are jumping on new homes like ducks on june bugs, simply because they realize that "it's now or never." In order to purchase a home, families are going in hock up to their eyeballs and dangerously stretching their budgets. In the vast majority of cases this requires a permanent commitment from the wife to employment outside the home — a fact which does not bode well for the quality of the American family.

Kentucky builder George Martin, a former president of the National Association of Home Builders, observes that seventy percent of American families can't afford to buy the average new home today. A rise of another twenty percent and private home ownership will be almost totally closed, with only the financial elite able to afford a new dwelling.

So the handwriting is on the lathe and plaster. Fewer and fewer families are going to be able to buy a home. Rentals will also become scarcer and rents will rise. You don't have to be a swami with a Sony crystal ball to figure out that politicians will then lead a demagogic clamor for rent controls. After all, there are more renters than owners of apartment houses. It's simply a matter of potential voters and votes. *U.S. News & World Report* of February 7, 1977, reveals: "Federal Reserve Board Governor Philip Jack-

Some 70 million people qualify for rent subsidies under H.U.D. Section Eight. If everyone eligible were to get in on this ripoff it would cost taxpayers \$15 billion a year. Secretary Harris says "The new order in the Office of Housing is Go! Go! Go!" and H.U.D.'s 1978 budget is up \$13.7 billion to a fat \$35.5 billion.

son says 14 percent of the nation's population, mostly in the Northeast, now is under rent controls and another 28 percent lives in areas where controls are getting serious consideration."

Within a decade we could have federal rent controls. Then only morons or the government will build apartment houses. Since few morons possess the requisite capital to build, that leaves Big Brother in charge of apartments and housing.

We think Michael Sumichrast, chief economist of the National Association of Home Builders, understated the situation when he predicted in *Mainliner* magazine: "Over the next ten years, the contractors will become, in a sense, subcontractors to local, state or federal governments. They will be hard put to compete in the acquisition of land since government will be able to purchase land on significantly more favorable terms than builders Those people below the median income will really be in trouble. They will not be able to buy homes. Faced with a diminishing number of privately owned rental units, they will depend more and more on government help. It is not inconceivable to envision a situation ten years off in which nearly one-half of our children will need [housing] subsidies of one form or another: either

directly from their parents or from the government."

We recommend the Department of Housing and Urban Development (H.U.D.) as a growth stock. It won't be long until it passes defense as Number Two in federal spending and may even challenge that king of squander, the Department of Health, Education and Welfare. Call up Jimmy the Greek in Las Vegas and put your two dollars on H.U.D. in the federal spending sweepstakes.

The H.U.D. spendola for Fiscal 1977 was \$21.8 billion, escalating to \$35.5 billion for Fiscal 1978, which begins October 1, 1977. Both absolutely and as a percentage this is a huge one-year jump. And it does not count tens of billions of off-Budget loan guarantees which will be discussed later in this article. Naturally, with all of this manna from Washington come guidelines, regulations, strings, and controls. That which His Majesty finances, His Majesty will oversee.

Who is His Majesty? It should be understood that we are dealing with two distinct types of people who would be our masters. One is the bureaucratic class. These are the civil servants and academics who mistrust "the people" whose "general welfare" they use as a rationalization for their own power seeking. While rolling in humanitarian clichés and professing

to worship at the altar of democracy, they are convinced that the average American is a slob. The slob watches Monday Night Football; the bureaucrat with a Ph.D. from an Ivy League College wants to require him to watch Shakespeare on public television. These People Planners loathe the middle class for being so, well, so middle class. They think they could build a better world if only they were given the power to force others to conform to their decrees . . . and the money with which to do as they choose. They consider themselves to be the Philosopher Kings described by Plato. In a world of Overlings and Underlings, they see themselves as the ever-benevolent Overlings, protecting the inferior Underlings for a mere \$55,000 a year.

The People Planner looks down his nose at tacky-tacky suburban houses with their barbecues and crabgrass. He sneers at those who have fled the big cities to keep their children out of schools which have become black-board jungles. He curses the suburbanites for their lack of "social conscience." This Philosopher King can sit in his ivory tower and produce a myriad of reasons why people should live collectively in government housing rather than in single-family homes. Multiple units cost less per family to build, after all, and use less land, require less building materials, and are more efficient energy users. By locating them in a major metropolis, the countryside is preserved for generations yet unborn, the family avails itself of mass transit rather than the wasteful, resource-gobbling station wagon, and the environment is protected for Thumper and Bambi.

Unfortunately for the People Planners, most people don't like their plans. They want family homes, private automobiles, and yes even their own plot of crabgrass. They are in-

grates. So *hoi polloi* must be conned into demanding their own manacles. The socialist Planners have learned from experience that it is easier to lead a free people into collectivism with a carrot than to drive them to it with a stick. So while the sticks are kept behind their backs, the bureaucrats and politicians don their Santa Claus costumes to deliver little presents. The People Planners don't want the public to realize that the hand holding the stick and the hand passing out the subsidies are attached to the same body.

But there is a second, more sinister, group involved. These are the Establishment *Insiders*. This clique, often described and discussed in the pages of this magazine, is drawn from the hierarchy of banking, industry, foundations, and the mass media. These betrayers of Free Enterprise know that socialism is not a system for redistribution of the wealth, as we are constantly told, but a device for consolidating and controlling it. They know that socialism is the ultimate monopoly. The *Insiders* therefore buy and use the arrogant People Planners to gain power for themselves. Doubtless the typical Philosopher King despises and envies the Super Rich *Insiders* for whom he perpetually fronts. Civil servants at the lower level, in turn, rarely have any idea even of the existence of the *Insider* elite. They are simply doing a job, collecting a check, and exercising their prejudices and jealousies against the productive middle class.

Like their Philosopher Kings, the Establishment *Insiders* are interested in monopoly control over production, credit, and trade; and, in order to accomplish this, they need control over the people. When you control housing, you control people. The *Insiders* doubt that they can now get by with pulling a Hitler routine in this country, or even

The Hudsters are pushing ahead to move Welfare People to instant federal slums being built in middle-class and high-income suburbs. It is explained that to build low-income housing in black neighborhoods is somehow racist, and that therefore poor blacks must be moved to federal projects in the white suburbs.

with resuscitating the Lenin scenario. They are instead using their call boys in the kept media and mass education to keep the public in a state of general narcosis while the manacles of socialism are gradually applied. Uncle Sam is being turned into Big Brother before our very eyes, and those with the power immediately to expose and reverse the trend are among the ranks most assiduously promoting it.

But the subject here is housing, and the ways in which our Colossal Cousin in Washington is moving to use housing as a means of increasing his power over our lives. One of these involves the old ploy of surrendering local control to a Regional or Metro government, where bureaucrats appointed from Washington make the decisions about all land use. When he was chief of H.U.D. during the Kennedy Administration, Robert C. Weaver was very candid concerning what regionalism was all about, brazenly announcing: "Regional Government means absolute Federal control over all property . . . anywhere in the U.S. . . . It would supersede State and Local Laws." . . . Whether one chooses to call this fascism, socialism, or be gauche and label it Communism, the system is essentially the same. It places all power in the hands of masters at the top.

The so-called energy crisis, which

the government has worked so diligently to create, is meanwhile being used as a major rationale for achieving what Weaver called "absolute Federal control over all property." Last October the Congress passed, and President Ford signed into law, legislation to establish federal standards for "energy-efficient design and construction of new housing." The Hudsters will be in charge of implementing and enforcing the "federal standards" which go into effect in 1980. A House panel has approved a proposal to bar the sale or refinancing of any home which does not meet Hermano Grande's standards for insulation.

Next in line is a H.U.D. proposal for general federal inspections and warranties. A Hudster spokesman explained: "Although there are private companies in the inspection warranty business that provide protection to buyers of existing housing, Congress wants to find out whether or not a federal program is needed to supplement their efforts."

The test programs are already under way. In mid-July 1976, employees of the H.U.D. office in Jacksonville distributed notices throughout the west side of that Florida city announcing a required safety and health inspection of private homes. The flyer also informed the local population

that, after the inspection, owners or residents would be told what violations had been detected and what remedial action would be mandatory. The notice posted by the arrogant Hudsters informed the occupants that they could deny entry to the inspectors, but warned that "if such entry is denied, a court order may be obtained authorizing the entry."

Such operations are for the moment trial runs, but they are being readied as part of a master plan. Where the Hudsters meet resistance they retreat to attack elsewhere.

If there is one thing that makes the heart of a People Planner go pitter-patter, it is the idea of forcing the integration of other people's neighborhoods. Back in the era of Nixon the Honest, boss Hudster George Romney announced that H.U.D. would, in effect, move the slums to the suburbs through federal financing of the construction of low-priced housing in the center of middle-class neighborhoods. The screaming could be heard from hell to the ballot box. In 1976, however, the Supreme Court held that if H.U.D. builds a low-income housing project in an urban low-income area (such as Harlem in New York, or Watts in Los Angeles) such an act might be unconstitutional because it contributes to racial segregation. So what is the remedy? Why H.U.D. must build low-income housing projects in middle- or high-income areas and move the Welfare people to suburbia. A number of low-income families are already being subsidized by taxpayers to live in surroundings to which they feel they have a right to become accustomed. But Harlem remains Harlem. And the low-income residents in the suburban projects have not altered their life-style. It is said that the time has been too short for any substantial change; that "in a generation or two" things will be dif-

ferent. So what if the federally subsidized imports rape your wife or steal your TV set — they probably won't rape your great-granddaughter or steal your great-grandson's stereo.

The latest development, providing a look at the future, is reported in an Associated Press release for August 6, 1977. Consider:

An agreement to test methods of moving urban black families to the suburbs was announced Friday in a case in which the U.S. Supreme Court told federal officials to find a way to remedy housing segregation here. The experimental agreement, between the federal officials and plaintiffs in the case, sets up a mechanism that officials hope will move about 1,000 black families to suburban apartments over the next 18 months, said a spokesman for the U.S. Department of Housing and Urban Development (H.U.D.).

Under the agreement, H.U.D. will require that suburban developers seeking federal subsidies set aside apartments into which urban blacks can move. The Federal Housing Administration will also give developers who set aside such space preferred treatment in handling mortgage insurance . . .

Attorneys have agreed not to seek mandatory court-ordered desegregation at least until July 1, 1978, when the "voluntary" agreement will be in its last few months of effect . . . The case has effectively stalled construction of any more federal housing in black neighborhoods in Chicago.

Boss Hudster Patricia Harris, a member in good standing of the Establishment *Insiders' Council on Foreign Relations*, made it clear in a speech on June 28, 1977, that if you don't go black, you won't get the green. Ms. Harris warned: "To ensure

The operators at H.U.D. made available \$15 billion last year to subsidize housing for 9.4 million families. Hudster landlord activities alone cost American taxpayers \$11 million a month just to maintain the holdings, and H.U.D. now sits on foreclosures in which it has invested \$918 million in often worthless properties.

that there will be equal opportunity for low-income families in the suburbs as well as the city, H.U.D. will strictly enforce the requirements of the Housing Assistance Plan. Cities that will not accept their fair share of low- and moderate-income housing will no longer receive Community Development Block Grant Funds. Where cities and suburbs work together to provide housing for low- and moderate-income people, bonus allocations of Block Grant Discretionary Funds, 701 Planning Funds, and Section Eight assistance will be given."

So much for the carrot and the stick, but how responsive are our would-be masters to their captive wards? Columnist Marianne Means writes in the *Los Angeles Herald Examiner* of August 20, 1977: "There's supposed to be a campaign on to simplify things in government, but don't you believe it. For sheer confusion, try the Department of Housing and Urban Affairs. To reach Secretary Patricia Harris, should you contact the executive assistant to the Secretary, the special assistant to the Secretary, the deputy undersecretary, the counselor to the Secretary, the staff assistant to the Secretary, the consultant to the Secretary, the secretary to the Secretary, the deputy assistant to the Secretary, or the associate deputy assistant to the Secretary?

They all have secretaries of their own. Of course. Or maybe it would be simpler just to call the chauffeur to the Secretary."

It might be simpler to call a private landlord. But the name of the game is collectivism, and housing collectives, as with everything else run by the government, are notoriously inefficient. It's an old story. In the decades following World War II, the big emphasis in socialist housing was on Urban Renewal. Urban Renewal was the classic federal program in which the results were exactly the opposite of the goals trumpeted by its advocates. In fact, it became such a disaster and laughing-stock that you hardly hear the term anymore. The reason is that, under Urban Renewal, the government had by 1971 paid for the demolition of 982,000 homes while constructing only 367,000 replacement units. In other words, while declaring that it was trying to provide housing for the poor, Big Government destroyed three times as many homes as it built.

The program became a bonanza for certain favored contractors and brokers, but it was very rough on the poor whose homes were destroyed. Civil rights agitators chanted, in this case correctly, that "Urban Renewal is Negro Removal." As years passed without replacement housing, poor blacks were easily agitated to urban

violence, which in turn was used as an excuse to increase the federal role in the cities.

The federal housing projects which were actually built were meanwhile turned into instant slums, with broken windows, mounting piles of garbage and refuse, and rampant criminality. The chief horrible example remains the infamous Pruitt-Igoe housing project in St. Louis. Pruitt-Igoe opened in 1956. It was comprised of forty-three brick buildings, each eleven stories tall, located on a fifty-seven-acre site with its own school and community center. The completion of the project was greeted with reams of copy about man's newfound humanity toward man and predictions that Pruitt-Igoe "might well set a new rescue pattern for other tight-collared U.S. cities who are watching their substance disappear to the comfortable suburbs." Mrs. Ruby Russell, one of those who moved into the new project, was later to describe the early days at Pruitt-Igoe for the *Los Angeles Times*. "It was like a fashionable hotel," she said, "a resort with green lawns and shrubs. The pruners would wake you up in the morning mowing lawns and such."

Soon people were waking up to far different noises. Within a short time the complex became a haven for thieves, rapists, drug addicts, burglars, and cutthroats (both adult and juvenile). People began fleeing the project as soon as they could find alternative shelter. Built at a cost of thirty-six million dollars to house twelve thousand people, Pruitt-Igoe became a near ghost town. The *Los Angeles Times* of August 30, 1971, described the fifteen-year-old federal housing project in these terms:

All but about 3,000 of its residents have fled. Most of those remaining are women and young children. All

but 16 of the 43 huge buildings stand empty, windows smashed and interiors ravaged by vandalism, neglect, fires and weather. Electrical wiring has been pulled from wall conduits, copper coils stolen from elevator motors and substation transformers. Plumbing has been carted away. Even exterior walls have been smashed open by scavengers seeking valuable pipe fittings. The desolation, staggering in magnitude, recalls images of London during the Blitz or Berlin in the final days of the Third Reich.

By this time rents in the federal project had been slashed to as low as twenty dollars per month in order to try to keep residents. The complex was operating at an annual deficit of \$875,000 and \$13.8 million had been poured into it during 1967-1972 to try to stem the tide of destruction. It was all futile. What Fedgov had wrought, man was putting asunder. On August 25, 1973, the Hudsters threw in the towel, announcing that their "model for the future" would be levelled. These forty-three brick buildings, not old enough to vote even under the new rules, were demolished by dynamite at a cost to the taxpayers of another \$2.5 million. In Europe, privately owned brick buildings remain in use for literally centuries; in St. Louis, modern brick buildings built by the government at a cost of thirty-six million dollars are destroyed beyond repair by their own residents while virtually new.

Did the Hudsters, sitting at Washington on their Ph.D.s in sociology, learn anything from the Pruitt-Igoe experience? Bigger and more expensive schemes were on the way.

About the time Pruitt-Igoe was disappearing in a cloud of dynamite, a new project was getting off the ground in Harlem. It is known as

Taino Towers and is composed of four thirty-five-story luxury apartments. The project is eighty-five to ninety percent complete and has been years in the construction. Many Harlemites have despaired that Taino Towers would ever open, but now H.U.D. has absorbed financing to the tune of thirty-three million dollars (the project having already cost forty-two million) and Secretary Harris promises that construction could resume at any moment.

What angers middle-class New Yorkers is that Welfare Clients, as they are euphemistically known, will be living in these luxury dwellings — housing far nicer than anything the vast majority of working people can afford. And, naturally, if a few thousand slum people are entitled to such luxury, then the rest will soon demand their own opulent apartments. How fancy are the Taino Towers? *New Times* for February 18, 1977, describes them:

The apartments — ranging from studios to six bedrooms — would be remarkably attractive. They would be around 15 percent bigger than comparable units, with 11-foot ceilings. Most would boast wall-to-wall windows and 20-foot-long terraces, and would be equipped with modern butcher-block kitchens and central air conditioning. Depending on income, rents would range from less than \$90 . . . gas and electric included.

Unique among such projects, the first five floors in each tower were to be set aside for nonresidential space. Lobbies and halls would be tiled in Italian mosaics (all but impervious to graffiti), and brick sidewalks outside would be necklaced by terraced landscaping, replete with a stream. Plans called for a day-care center, a job-training and education center, mod-

ern playgrounds, a \$300,000 pneumatic garbage disposal system, a senior citizens center, a greenhouse, a television-monitored security system. The medical center would be geared to treat 60,000 patients a year, close to the capability of Bellevue . . .

Ah, government housing. How long do you suppose it will take the Welfare Clients to turn the luxury apartments in Taino Towers into another Pruitt-Igoe?

The Hudsters had earlier come up with the idea of having H.U.D. back the creation of whole new towns. According to an Associated Press report dated February 20, 1977, while this was to be the way to win "Washington's war on inner-city decay and suburban sprawl, the \$260 million New Towns program has been a disaster." And that is certainly putting it mildly. According to *Barron's* for September 6, 1976: "All told, the Department of Housing and Urban Development has guaranteed \$280 million in 'new town' loans since 1970. In midsummer, HUD, which administers the program, revealed that since July 1, it had been picking up the interest payments for 11 of the 13 projects. Five were in financial straits; six were broke . . ."

As is almost always the case when the government is the ultimate risk taker, the New Towns programs attracted a mixture of flaky dreamers, over-optimistic promoters, and radical ripoff specialists. *Barron's* continues wryly:

Almost all the developers submitted super-optimistic projections of land sales at ever-increasing prices. But few, if any, buyers showed up to participate in the anticipated real-estate boom. That the projects ended up, in the main, as dismally as they did is scarcely a surprise. As a general

rule, HUD required no evidence from developers of firm commitments from home builders to buy land, nor from industry to construct facilities and create jobs in the new communities. Nor did HUD insist on written assurances from state and local governments and other federal agencies that they would contribute to the improvements — tie in sewer lines, provide adequate transportation, build schools, etc.

Typical of the federally financed fiascos was Gananda, a project located near Rochester, New York. Seed money was provided by Rochester's socially conscious and wealthy elite, including the enlightened people at Eastman Kodak and Xerox. Gananda is now a total write-off, with all debts being assumed by H.U.D. Many people lost money, but mostly the taxpayers. And, not too surprisingly, some seem to have made out all right. Only \$12.8 million was actually used for construction. Nearly twenty million dollars went for salaries, consultants, lawyers, planners, interest, and miscellaneous expenses. It was, typically, a giant ripoff.

Meanwhile, back in the cities, H.U.D. was coming up with new programs to replace the failed Urban Renewal and Model Cities adventures. Congress had passed the National Housing Act in 1968 in response to "ghetto" rioting in major cities across the country. This legislation contained a Section 235, which was designed to provide hundreds of thousands of homes for low-income families in order to "relieve the tensions of the overcrowded cities." Low-cost housing, said the Planners, was just the solution to the urban riots.

Under Section 235, H.U.D. set about insuring mortgages by one hundred percent so that all sorts of people might buy homes who could not oth-

erwise obtain financing. If the family missed payments to the private mortgage company, the company foreclosed the mortgage and collected from F.H.A. all that was owed. The system was obviously attractive to the huge mortgage companies, to real-estate operators, and to any hustler who came along.

It was quickly apparent that everyone involved could make more money faster by buying and then selling homes to poor families that were poor credit risks — such as unemployed persons who could afford only the first payment and were certain to default. Once a home was foreclosed, the mortgage company would collect full value on the deal from F.H.A. insurance after one year, rather than wait up to thirty years for the mortgage to mature. The records of H.U.D. and F.H.A. indicate that the foreclosure rate of Housing Act homes reached seven times the rate of foreclosure of homes bought through conventional loans.

After the "homeowner" defaults on his loan and vacates the house, the mortgage company turns the home over to H.U.D. Then the files and records are sent back and forth between the local H.U.D. office, the H.U.D. headquarters in Washington, the Justice Department in Washington, and its office in the local city. Finally, a court deeds the property to H.U.D., which then attempts to sell the dwelling. When the *Chicago Tribune* investigated, it found that this process takes on an average some four years! During that period, vandals usually strip, and often burn, the property. And, while the giant mortgage companies find this scenario extremely profitable, because they are repaid in full plus interest, the taxpayers are stuck with the loss at an average cost of more than thirteen thousand dollars per house.

This process has been destroying the very neighborhoods that the HUDsters claimed they were trying to save — throwing ever more persons into the slums of the federal housing projects. 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 F.H.A. and H.U.D. housing."

The Section 235 program has undeniably turned H.U.D. into the nation's Number One slumlord. The agency now owns 71,000 homes and holds the mortgages on 273,000 others. Associated Press urban-affairs reporter Jonathan Wolman comments: "A lot of taxpayer dollars are tied up in H.U.D.'s landlord activities. It costs Uncle Sam \$11 million a month to maintain the holdings. On top of that, H.U.D. has \$4.3 billion in mortgage liability and an investment of \$918 million for foreclosing on the dwellings it now owns." Wolman adds: "Whether eyed from the marble halls of Congress or the rat-infested slums of urban America, H.U.D., born 12 years ago, is widely regarded as a multibillion-dollar study in federal failure."

The "Liberal" *Boston Globe* reported November 26, 1976, on H.U.D. foreclosures on multi-family ventures with subsidized mortgages and subsidized rents. It revealed:

Today, less than a decade after the Federal government began its ambitious but ill-fated housing subsidy program that produced more than half a million subsidized units nationwide at a cost of \$9.8 billion, the financially troubled properties are coming back to HUD in record numbers and then being sold on the private market for whatever investors will pay.

In Boston, a city that ranks among the highest in the nation in the number of multi-family foreclosures, out of 133 developments, 35 are now in foreclosure, 25 face foreclosure within the next six months and 44 are in a sub-foreclosure category, which means HUD has taken over the mortgage from a bank.

Cited as an example of the type of properties coming back to H.U.D., and the decline in their value, are the Wells Apartments in Boston, developed four years ago under the federally subsidized housing program at a cost of more than \$500,000, and sold . . . for \$30,656 on the private market. In Detroit in 1974, F.H.A. paid \$1.2 million for a ninety-four-unit complex. Nobody wanted it. So the government paid more than \$10,000 to have it destroyed.

The fact is that H.U.D. is by far the nation's Number One real-estate firm. Each year it sells about seventy thousand homes, but it acquires an equal number from defaults. If you check the real-estate section of your local newspaper you will find long listings of homes H.U.D. would desperately like to sell. Where else can you find "3 fam. 10 bdrms [for] \$12,500"? Is that too high? How about a lovely "3 fam. 9 bdrms [for] \$3,500"? These are just two typical listings of the hundreds offered. And H.U.D. will throw in the rats for free.

As you would imagine, the fraud and corruption that have accompanied the Section 235 Communities Development Program are tremendous. Robert Elliott, H.U.D. counsel under former Secretary Carla Hills, recalls that in Detroit "the U.S. attorney was coming in and arresting people at their desk. The supervisor would complain, 'We're trying to run an office here,' but the prosecutors thought corruption was so bad that handcuffing

people on the job was the only way co-workers would get the message."

The racket that destroyed dozens of neighborhoods in Philadelphia, Chicago, and Detroit was simple. A speculator would buy an aging home for a song, say four thousand dollars, dress it up with a thousand dollars in cosmetic repairs, then bribe a H.U.D. inspector to win a high Federal Housing Administration appraisal. The home would then be sold for perhaps fourteen thousand dollars to an unsophisticated buyer with the assurance, "That's what the government says it is worth." When the house fell apart because of fundamental defects, the low-income family which bought it had to choose between costly repairs and meeting mortgage payments. The frequent result was H.U.D. foreclosure.

The *Los Angeles Times* of March 3, 1974, quotes a U.S. attorney as maintaining: "The number of ways to make money illegally off government housing is limited only by your imagination." Unfortunately, there are a lot of people around with unlimited imaginations. According to the F.B.I. records, as of January 1, 1977, indictments had been returned against more than eight hundred individuals in H.U.D.-related cases. Of these, five hundred fifty were convicted. And, of those, sixty-three were H.U.D. employees.

Disillusioned with Section 235, the Nixonites created a new program appropriately known as Section Eight. (A Section Eight in the military refers to a discharge for being mentally unbalanced.) The idea was to let poor people, within limits, choose their own shelter and have H.U.D. pay the difference between what they can afford and the actual rent. This approach was designed to keep H.U.D. from being saddled with more abandoned foreclosures. At the same time,

Section Eight would greatly expand the potential for across-the-board federal housing subsidies. *U.S. News & World Report* of September 8, 1975, quotes the then-Secretary of H.U.D. as stating that twenty-seven million households, or approximately seventy million people, are eligible for rent subsidies under Section Eight. Families with adjusted income up to \$16,800 are thus eligible to have you pay part of their rent.

And H.U.D. is running newspaper advertisements to try and attract people to take this rent subsidy from your pocket.

Fortunately the Section Eight program has been so mired in red tape that only a small fraction of those eligible have been able to tap the federal till. If everyone who is eligible got in on the boondoggle, it is estimated that the total bill would run fifteen billion dollars a year. This is apparently what Secretary Harris has in mind. She has already asked Congress for another \$15.5 billion to expand the Section Eight operation. And Ms. Harris recently declared that her plans for increased socialist housing include:

A 134,000 unit increase in the Section 8 Budget authorization for fiscal 1977 to 130,000 units of existing housing, 25,000 units of rehabilitated housing, and 168,000 units of new construction.

A further increase for fiscal 1978 to 172,000 units of existing housing, 147,000 units of rehabilitated housing and new construction, and a reactivation of the public housing programs to 81,000 units, including 6,000 units of Indian Housing.

For example, our assisted housing starts on Section 8 were up 12,000 in April and 20,000 in May for a current total of 50,000. We are confident that we will reach our goal of 80,000 con-

struction starts in this fiscal year. The new order in the Office of Housing is Go! Go! Go!

Oh, Ms. Harris is aggressively pursuing her goals of expanding the role of H.U.D. And she is full of creative ideas, announcing recently that "H.U.D. has taken action on several fronts. During the bitter winter months, we halted evictions on all H.U.D.-held or insured properties. We did not want low income people to be victimized by soaring utility costs." That's just *great*, until the word gets around. Then nobody pays.

And *U.S. News & World Report* for March 21, 1977, describes another creative program developed by the Hudsters. Consider:

One program that has won popularity is urban homesteading, a concept of the Department of Housing and Urban Development. Under this plan, abandoned homes owned by the Federal Government are turned over to local governments, which in turn sell the homes for \$1 each to residents who agree to fix them up and live in them for at least three years.

Some 23 cities have already received 5 million dollars' worth of HUD properties, along with an additional 5 million in funds to be used for low-interest loans for the homesteaders. Some of these cities and some other communities to be named by HUD will soon be sharing another 6.2 million dollars in property and 8 million more in "rehab" loans.

Patricia Roberts Harris, the new HUD Secretary, says that there are 37,000 federally owned homes that could be used for homesteading. Most of these units were acquired as the result of defaults on federal loans.

That does help solve the H.U.D. repossession inventory. Never mind

the cost to the hard-pressed taxpayers. The U.S. Government spent or helped make available more than 15 billion dollars last year to subsidize about 9.4 million families to buy, rent, or build housing. In fact, one out of every nine Americans last year received some kind of housing aid financed by the nation's taxpayers.

While on speaking tours over the past year, your scribe has had a good look at the housing disaster the Hudsters created in subsidizing abandonments in St. Louis, New York City, Philadelphia, Detroit, and Boston. Detroit looks like it has been hit by a flight of B-17s; Philadelphia as if it has been the victim of a series of earthquakes; a tornado would have done less damage to New York; Boston looks like it was hit by a hurricane; and, the mile upon mile of devastation that is old St. Louis is shocking. You see, the Department of Housing and Urban Development is not only the nation's Number One slumlord, it is the Number One slum producer. You have to see it to believe how utterly destructive socialist housing is.

The madding thing is that while the people in these cities deplore the fact that their civilization is caving in around them, they respond only by moving further away from the center of town. They learn to adjust to the devastation wrought by socialism.

Meanwhile, H.U.D. means to play an even bigger part in our future. Despite its record of boondoggles, waste, corruption, and destruction, the Department of Housing and Urban Development grows bigger and more powerful every year. Congress could stop it, if it only would. But the Congress will do nothing until the people demand a retreat from the devastation of socialism and retire those leaders who fail to respond. It's time to send the socialists packing. And we can do it. ■ ■