Middle-Income Housing Bill Before Senate Awaits Action

By JAMES MARLOW

WASHINGTON. — (AP) — President Truman asked Congress to set up a housing program for middle-income families.

There's a bill in the Senate now to carryout the idea, whether or not the Senate and House ever approve it.

But that bill will be the basis for anything Congress does on middle-income housing.

This story will try to explain what the bill would do if it became law, but only in outline, not in full detail.

The senators sponsoring the bill say that by middle income families, they mean people with income between $2,400 and $4,700

This doesn't mean that anyone making more than $4,700—say $6,000— couldn't get housing under the program. For example:

Sample Situation

A group of people, perhaps in an American Legion post, get together. Most of them make $2,400-$4,700. Some make more.

So long as most of them are between $2,400-$4,700, it's all right. The other, fewer higher paid ones can join in.

This group decides they need in their area a housing project with living units that can be afforded by $2,400-$4,700 people.

Say, for example, there are 125 people in this particular group. They want to build and own 125 units costing $8,000 each, or a total of $1,000,000. What kind of units, single dwellings, double or multi-family homes, would depend on the plans they drew up.

By himself, no one persons in the group could get help under the bill. Together they could, if they cooperated. So they form a cooperative.

But they need money for preliminary plans, surveys, expert advice, and so on. They go to the government, to the present Housing and Home Finance agency (HHFA).

The HHFA investigates, finds the cooperative is legitimate and not a cover-up for some private individual who wants government help, and is satisfied it's a serious business deal.

For these preliminary plans the HHFA can lend up to 5 per cent of the total cost of the project. In this case—a $1,000,000 project—the loan would be $50,000. The HHFA can also send in its experts to advise the co-op.

Now comes the next step: Borrowing the $1,000,000 to build. The co-op doesn't go back to the HHFA. Instead, it goes to a new agency, set up under HHFA, called the National Mortgage corporation for Housing Cooperatives (NMCHC).

Loan To Co-op

If the NMCHC is satisfied about the deal, it lets the co-op have a loan of $1,000,000. (The co-op then hires private contractors to do the building.)

The loan is a direct loan to the co-op. It's not a matter of the NMCHC guaranteeing a bank loan to the co-op.

Is it just so simple as that: Hand over government money and the co-op doesn't have to put up a dime? No.

In the first place, the co-op would have to agree to pay back the $1,000,000 in 50 years, at the most, with about 3 per cent interest.

And the co-op would have to buy stock in the NMCHC equal to 7½ percent of the loan—2½ per cent when the loan was given and another 5 per cent over 20 years. Which means:

With 125 people in the co-op, 2½ per cent of $1,000,000 (or $25,000) would call for each of the 125 to put up $200 to buy NMCHC stock.

In other words, each would be making a down payment of $200 on his home. Then over 20 years the co-op would buy another $50,000 worth of NMCHC stock, or $400 each for the 125 people.

But how come a government agency like, the NMCHC would sell any stock at all? That's the idea behind the Senate bill. It's this:

While the NMCHC would start off as a government agency, with government money, in time, through sale of stock to each co-op that borrowed money, NMCHC would pass out of government hands and into the private hands of the co-ops.

When that came about at some future time, future co-ops that sprang up then would be getting their loans from co-op-owned NMCHC.

How much in government money would the NMCHC have at the start? About $100,000,000 But any loans from it would have to be paid back with interest.

When the NMCHC needed more than $100,000,00 as it certainly would—it could sell bonds to the public, mainly banks and business firms.

The government, even after it had eased out of NMCHC, would guarantee those bonds up to a total of $2,000,000,000, enough to build 250,000 homes worth $8,000 each.

Chrysler Corp. Offers $100 Monthly Pension Plan

DETROIT, Jan. 18 — (AP) — Chrysler corporation Wednesday offered a $100 a month pension play for its 89,000 hourly rated workers.

UAW Chrysler director Norman Matthes replied, "hell no," when asked if the offer would provide a basis for further bargaining. He refused to elaborate

The plan provides that the company would pay enough in addition to federal Social Security benefits to make pension payments of $100 a month, as in the recent Ford pension plan and several steel company settlements.

Employes would receive full benefits at the retirement age of 65, the same as stipulated in most pension agreements. The Chrysler plan requires 25 years of service, similar to most of the others. Ford requires 30 years of service.

Shock From Light Cord Fatal To Spokane Man

SPOKANE, Jan. 18.—(AP)—An electric shock from a light cord proved fatal today to Charles Jenkins, 60, a Spokane apartment house engineer.

Members of the fire department inhalator squad said the man had apparently been electrocuted when he touched the light cord while standing on a basement floor flooded by broken plumbing.

WOOL PRICES SOAR

SYDNEY, Jan. 19.—(AP)—Wool prices rose to new high levels here Monday—10 to 15 per cent above closing 1949 rates.

Under animated general competition all but 38 bales out of 11,965 catalogued were sold at auction. The highest price realized was for greasy Merino fleece, which sold as high as 145 pence (about $1.36).

British and continental buyers were most active, but Russian, American and local operators bid freely for wools meeting their requirements.

The Amazon is the world's largest river in volume.

Millions Of Chinese Face Starvation Death Threat

HONG KONG, Jan. 18 — (AP) — Millions of peasants face starvation in Red China this year.

Upwards of 40,000,000 persons, by Communist government estimate, are in famine areas.

Some 8,000,000 right now are desperately hungry.

In East China alone 16,000,000 may starve to death.

Floods, crop pests and plauges are blamed for the great food shortage.

The Communist state administrative council in Peiping is mobilizing relief agencies. Its directive is available here in British Hong Kong.

The directive says a fifth of the cultivated land in East China alone was flooded. That wiped out crops on 9,000,000 acres.

The carat originally was based on the weight of the seed of the carob, a tree of Mediterranean region.