

# Economy Houses Snag As Lenders Hold Off

Uncle Sam Calls Them Good Risk

By HAROLD HARTLEY

Times Business Editor  
The 1949 economy house, hopefully life preserver of the residential building industry, already is hanging foul on the rigging of mortgage finance.

The economy house—minimum in everything but still warm and secure against weather—is being designed to put roofs over the biggest remaining market in housing: the lower income group.

The rich cream of the housing shortage which made people buy houses whether they wanted to or not in a dried up rent market, long since has been turned into bankable butter by post-war builders.

The Federal government tipped the beam on low-cost housing. Vete-wise politicians saw its worth at the ballot box.

Last year the Federal government promised to house the "little fellow." The FHA will guarantee loans up to 95 per cent on houses costing up to \$6000.

## It Looked Good

The housing industry went after this business. It looked good. A man could pay \$500 down on a \$6000 home and pay the rest as rent over a period up to 30 years.

Builders figured closely, trimmed specifications carefully. Today a few are building economy houses, no basement or garage, but complete in every other respect to meet FHA requirements.

The economy house struck a reef when big lending institutions examined specifications and terms, and said no.

One Indianapolis lending institution which relays home loans to six insurance companies summed it up, "They are minimum houses with maximum loans. And we doubt if the purchasers will want to be living in those same minimum standard houses 25 or 30 years from now."

## Don't Want to Load Up

"Most of them are 24x28 feet, that's 672 square feet of house," said the same lender. "We would lend more readily on a little larger house, say 750 to 800 square feet which would cost, at \$10 per square foot, \$7500 to \$8000. That is a better long-time risk. There's plenty of money for that type of house. And we like basements, too."

Local lending institutions could put lots of their own money into minimum standard, FHA-approved houses, but they, like the insurance companies, don't want to load up on that type of long-time loan.

Indianapolis builders are ready to build the economy houses, if they can get financing.

Some builders are moving into the field in spite of tiny money.

Frosch Brothers, contractors, have designed a \$6500 house. They have completed one at 2962 N. Colorado St. They want to build \$175,000 worth of economy houses this year.

Their house, with no basement, seems to meet the other requirements of the insurance companies. It has 750 square feet, a 12x16 living room, complete bath and kitchen. No frills, but plastered rooms and hardwood floors.

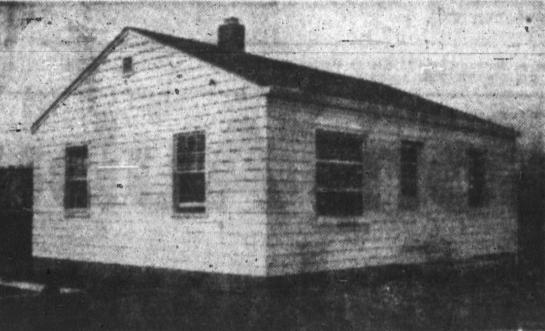
## Pays Out in 20 Years

They figure that with a \$500 down payment, it can be paid out over 20 years at \$44 a month.

Lawrence Michaels, 2042 Dexter St., builds economy houses. His is a different deal in which the buyer supplies the lot. "That lets me put more into the house, double floors and walls, 30-gallon water heater, and a real foundation." He's lining up a deal for 100 more.

Harry Dillihay & Son has several economy houses under way in the 2100 block of N. DeQuincy.

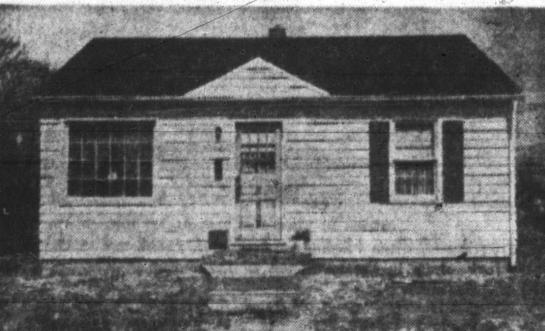
Plumbers receive from \$1.35 to



The "economy house" with a \$6500 price tag built by Frosch Brothers, contractors, at 2962 N. Colorado St. . . . They hope to turn out \$175,000 worth this year, at one week.



A slightly different economy house, price \$6350, at 2161 DeQuincy St., built by Harry Dillihay & Son . . . floor furnace (oil), sidewalks, complete bath and kitchen.



More house if you own the lot . . . Lawrence Michaels' Budget Homes built this one at 2801 N. Dearborn St. . . . It has double floors and walls, a 30-gallon hot water heater, and a real foundation.

St. These are 24x28 feet (672 \$1.75 an hour; electricians, from square feet). He is offering oak \$1.50 to \$1.70 and painters, from \$1.50 to \$1.75 an hour.

## Not Too Happy

Contractors are not too happy about their end of the small house deal. The FHA allows 15 per cent as a "fair profit," but "try to get it," said one builder.

## We're Lucky to Make Five

H. M. Graves, chairman of the Builders' Economy House Committee, said, "there isn't as much demand for the emergency minimum house as a year or two ago. Congress set the loan maximum at \$6000 which can be no more than 85 per cent of the price. If Congress had made the loan \$1000 higher we could have done a real job with \$7000 to \$7500 houses."

These houses require transportation, sewer lines, water, gas and electricity. There still are a few such lots to be picked up, if the price is not too high.

But until the insurance companies and other big lenders get more confidence in the economy house risk, there may be no scramble to "build 'em by the dozen."

And that leaves the door wide open—for you guessed whom—Uncle Sam who owns his own bank, makes his own rules, and can put roofs over the heads of the still unhouseured with those nice green dollars, fresh from the Federal Treasury.

THE INDIANAPOLIS TIMES

# Britain Raps Sofia's Trial Of 15 Clerics

## Note to Bulgaria Charges Violation Of Peace Treaty

LONDON, Sunday, Mar. 13 (UPI)—Great Britain today protested Bulgaria's prosecution of 15 Protestant ministers as part of a "deliberate, general attack" on religious freedom in Communist-dominated eastern Europe.

A British note to Sofia said the trial and conviction of the pastors showed Bulgaria has "no intention" of allowing the personal freedoms guaranteed in the peace treaty Bulgaria signed with Britain and the other victors of World War II.

The sharply-worded note was handed to Bulgarian Foreign Minister Vassily Kolarov late yesterday and was made public here shortly after midnight.

It came shortly after Bulgaria announced she is expelling a British diplomat whose name was brought up during the trial of the 15 churchmen found guilty of espionage, treason or black marketing.

He is D. A. Greenhill, first secretary of the British legation in Sofia.

**May Retaliate**  
Britain probably will retaliate by demanding the recall of some Bulgarian diplomats in London, sources here said. During the Sofia trial government witnesses accused Mr. Greenhill of receiving intelligence information from the defendants.

The British note denied as "completely false" all accusations that British diplomats acted as spies. Because some of the ministers confessed falsely that they worked with British agents all of the testimony is suspect, the note said.

The note was far more vigorous than the action Britain took in the case of Joseph Cardinal Mindszenty, who was sentenced to life imprisonment for espionage, treason and black marketing in Budapest.

British notes on Mindszenty's trial concentrated on criticism of Hungary's refusal to permit British observers to attend the proceedings.

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