

 **TODAY'S "SHORT TOPIC"**  
**HOUSING AND  
THE ACA!  
YOU'D BETTER  
LOOK AGAIN!**



By Stephen L. Bakke  January 30, 2015

*Here's what provoked me:*

*I read a very condescending letter scolding a sincere conservative letter writer for being misleading about the housing and mortgage bubble and crash. He goes on to compare the earlier writer to Scrooge for being unsympathetic to the poor. Remember, it was Scrooge who said, when referring the living and health conditions of poor people: "Then die they must, and decrease the surplus population." The earlier writer was actually more right than wrong on most points so I decided to help out.*

*Here's my response:*

**Housing and the ACA! You'd Better Look Again!**

On 1-29, (Looking at housing, ACA) Ben Douglas "generously" attempts to rescue readers from an earlier writer's advice (1-27, Obama misleading). One of the points made by Douglas was that it wasn't just the poorest homebuyers who defaulted and caused the mortgage crisis in 2008. Rather, he says, the majority of defaults occurred at higher income levels. The earlier letter had (mostly correctly) blamed the problem on "government forcing banks to lend to those with poor credit ratings." Douglas finally "piles on" by comparing the writer to "Scrooge."

Douglas is partially accurate, but here's the rest of the story. The Community Reinvestment Act of 1977 (CRA) WAS a major factor in the "bubble and bust" of 2008 – that's the main point of the first letter. As that earlier letter stated, CRA influenced the sale of homes to poor Americans through, as it turned out, lowering the credit and documentation requirements. Eventually things "caught fire" throughout the market and the values of residential real estate became artificially inflated at all levels, and homeowners of all incomes ended up "under water." There were defaults, foreclosures, ripples through the stock market, and so on. You know the rest.

Mr. Douglas, it's you who should do more looking!