

finally collapses, but should be able to charge the value of the building over its normal use. However, where slumlords do not keep a building in normal repair and through their action and nonaction endanger the lives of its tenants, they should not be given the privilege of spreading their loss over a period of time. They will be able to take their loss only in the year when it is actually suffered, i.e., when the building actually collapses. As a practical matter, no landlord could possibly wait until the last year to take his loss and would be compelled to make the necessary repairs to keep his building in a safe condition and thus be allowed to take his depreciation allowance. The tax code could also be amended to insure that a slumlord could not carry back or forward any loss on a building collapsing because it was in a dangerous condition through the owner's nonaction. This would protect against such an owner obtaining any kind of tax saving.

A proposal of this kind would be a most effective economic sanction against slumlords in New York City and elsewhere.

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NOTES.—I would suggest that version of section 167 above be further revised to read * * * if for a period of 30 days or more in any tax year such accommodation.

2. It should be incumbent upon the owner, not the IRS, to demonstrate (by attaching a copy of a clean report from the local buildings department) that his deductions are allowable.

C. R. HATCH.

Mr. DAVIDOFF. The ARCH proposal recommends the adoption of a new subsection, subsection (j) of section 167 of the Internal Revenue Code. Subsection (j) would read as follows:

"No depreciation deduction shall be allowed to any taxpayer owning a housing accommodation (other than a single family residence occupied by the owner thereof) if for a period of 30 days or more during the tax year such accommodation is certified by any governmental agency having jurisdiction to be a fire hazard, or in a continued dangerous condition, or detrimental to life or health."

The ARCH proposal would make it incumbent upon the owner, not the IRS, to demonstrate that his depreciation deductions were allowable. The owner could do this by submitting a declaration from the local building department that his building was free of violations of the type that would preclude the granting of the deduction.

Further, ARCH proposes that the local agencies having jurisdiction over building conditions be required to submit to local IRS offices lists of buildings in violation of local codes.

ADA strongly supports this proposal as a major means of regulating the quality of dwelling units and as a proper means of limiting the privileges granted under section 167 of the Internal Revenue Code.

I would like, if I may, to include a point which I confused earlier as a part of the amendments which we propose to H.R. 13064. And that is that the rent subsidy program should be modified to benefit those low income families who pay more than 20 percent of their income for shelter rather than the present 25 percent. The supplement would pay the difference between the rent and 20 percent of a family's income.

The workable program should include a requirement that cities establish a model building code based on performance standards. Such a code should utilize research and development advances made in the building industry.

Finally, in conclusion, in his demonstration cities message President Johnson concluded by asserting, "If we begin now the planning from