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No Profit, No Houses

The White House was well advised to abandon the proposal for a national nonprofit housing corporation to build in the slums. President Johnson did the right thing. Disposing of that foredoomed idea clears the way for the more hopeful legislation that, one hopes, will shortly attack the housing shortage.

The concept of a nonprofit builder is, in itself, an unfortunate one. It was introduced originally to get certain types of housing subsidies for low-income families through Congress. The country has now had quite enough experience to know that nonprofit enterprises are incapable of producing housing on a significant scale.

This country does not insist upon a nonprofit corporation to build the supersonic transport, or to develop the moon rockets. Congress does not insist on nonprofit corporations in the heavily subsidized shipbuilding industry, or in agriculture, or in oil. Why single out housing? If we truly want a massive volume of residential construction in the big cities, then we shall have to make it as profitable to build houses there as in the suburbs.

To make it profitable, Congress's most effective tool is the internal revenue code. The power of this method must be immediately visible to anyone who walks down Connecticut Avenue; if half a dozen obscure lines in the tax laws had been written a bit differently, the great office building boom would never have happened. The time has come to apply this same technique to residential construction in declining neighborhoods.