ON THE HOUSE

The new federal income tax, which began taking a bigger bite out of your pay check Nov. 1, is giving the home owner a new break.

Anyone now selling his house at a profit and using the entire proceeds of the deal for the purchase of another residence, enjoys an exemption from capital gains tax on the profit he made on his old house.

This means if you bought a house say 10 years ago for $10,000, and sell today for $20,000, you do not have to give Uncle Sam $2500 in capital gains tax out of your $10,000 profit. That is, you don't have to pay it, if you use all the money in the purchase of another house to live in.

Experienced observers expect this to result in a big stimulation to the house market.

For example, Henry J. Davenport, president of the Home Title Guaranty Co., of New York, which operates in the three states of Connecticut, New Jersey and New York—an area in which many thousands of titles change hands yearly—sees this new law freeing many families who have been prevented from buying new homes because of the tax handicap involved.

"Many families needing larger homes have found the capital gains tax an insurmountable obstacle," Mr. Davenport says, "because increasing building costs and lower purchasing power of the dollar have offset whatever net profit was available on an older house."

The new law exempts any place of "principal residence" from this penalty. It covers a houseboat, or trailer, or stock in a co-operative apartment corporation, provided it is your principal residence.

A big leeway in time is allowed. You can sell your old house as much as a year before or after you buy, and still get the exemption. Any house sold after last Dec. 31 is qualified for the exemption. This embraces all houses sold this year.

" you are having a new house built, you are allowed 18 months for applying your profit without tax, but you must occupy the newly built house within 18 months after selling your old house.

The price in the sale or purchase under this exemption includes the mortgage, trust deed or other indebtedness to which the property may be subject, whether or not the purchaser assumes that indebtedness.

If part of either property is used for business or trade, such as a store under an apartment, the exemption applies only to that proportion relating to residence.

Any part of the profit not invested in a new place of residence naturally is subject to tax. If the house you paid $10,000 for is sold for $20,000 and you buy a house for $15,000, the $5000 difference is subject to tax.

However, you don't have to be occupying the house at the time of sale or purchase. If you rent either the old house or new house for a short time, but occupy each as your residence before the time limit expires, you are eligible for the exemption.

Real estate speculators are excluded from the benefits, because a third purchase takes into account the profits on the second purchase, the house must be used for residence, and short-term (six-months) capital gains are still taxed at 50 per cent. The exemption applies to only one sale or exchange per year, except when a new residence is involuntarily converted, such as through condemnation.

Personal property, furniture, a radio, or any other appurtenance which is not considered a fixture, is not included in the calculation.

The National Association of Real Estate Boards cites the new provision as a victory in its six years of campaigning in Washington. Alexander Summer, president of that organization, says "the injustice of the old law was spotlighted this year as workers were forced to move from one city to another as a result of the mobilization program."

One result of the new law will be to help home owners hurdle the restrictions of Regulation X, which requires larger cash payments for houses.

Changes in everyday living—along with new inventions and economic forces—are reflected directly in houses.

If changes in house styles could be forecast accurately, you could build a house that would be 20 to 30 years ahead of its time. You'd have the problem of obsolescence licked. The house would be such a good investment a mortgage might pay you to build it. But so far no one has been able to achieve this, because style change in architecture is a most complicated process.

It comes about very gradually and subtly. Few people want to risk their life savings on a fad, folly or freak, to which they'll be tied for the rest of their days. This makes the average home owner conservative—the mortgage lender even more conservative.

The habit runs deep. To the person who grew up in New England environment, where the most beautiful homes were colonial landmarks, the classical house stands for success, security and gracious living.

Yet powerful forces are at work. Glass that was a luxury when classical architecture evolved, is now economical in large sheets, and when sealed in double form, it makes walls of windows entirely practicable. Great sheets of plywood pre-cast plaster, lightweight concrete and other new materials make new building methods possible. Radiant heat can eliminate the basement and more efficient heating and insulation make all rooms on one floor a comfortable arrangement.

The kitchen has been lifted from scullery to living room status by dishwashers, garbage disposers, food freezers and the long line of sleek electrical equipment.

High building costs compel houses to be planned more compactly. Even the emancipation of women and the spreading popularity of athletics and outdoor activities mark the house.

The result is that designs radically differ from what many people think a house should look like, are now glorified in magazines. With flat roofs, shed roofs, butterfly roofs that sag in the middle, glamorous walls of glass and colorful spacious living rooms, these houses capture the imagination. Young people especially are enthusiastic about them.

Such houses are being built in every state. They are becoming most familiar along the Pacific living is a major feature. Locations with spectacular vistas lend themselves to exploitation with window walls. Smaller plots lacking natural views find living rooms placed on the rear where a view can be created by landscaping.

"One thing is certain," observes Mary Davis Gillies in McCall's Book of Modern Houses (Simon & Schuster, $5), "a great style is in the process of formation."

Just off the press, this book presents 29 modern houses and their plans. Striking design ideas are shown in 130 photographs, 100 of which are in color. Radical departures from tradition and courageous experiments in functional planning distinguish these homes.

However, they are examples rather than related components of a crystallized style. Mrs. Gillies points out that modern "does not refer to a style with as specific characteristics as a Cape Cod or Georgian house." She uses the word to describe "a house built in the 20th Century and one that reflects the life and spirit of present time."

Some of the plans are inconsistent, not compact, not efficient. Bedrooms may be strung railroad style down a long hall. Some perimeters obviously involve expensive foundation work. But personal preferences are apparent. For example, one family built a 14x20-foot dining-play room with fireplace adjoining the kitchen, while keeping the living room, without fireplace, 12½x13 feet, like a small old-fashioned parlor.

Expense of building and virtual impossibility of financing are admitted by the author. In a comprehensive "Primer for Modern Houses," apprehended to this symposium, Mrs. Gillies weighs the factors involved. She sees progressive builders in all sections of the country watching and considering the modern house.

"In its name," she predicts, "good houses of classical permanence will be built, as well as poor houses which will embarrass builders and owners."

DISPLAY

NEW YORK (AP)—A pair of Bill "Bojangles" Robinson's dancing shoes has been placed on exhibition in the museum of the city of New York. The shoes are the onew Robinson wore in 1938 when he tapped up Broadway from 42nd street to 110th street to mark his 60th birthday.