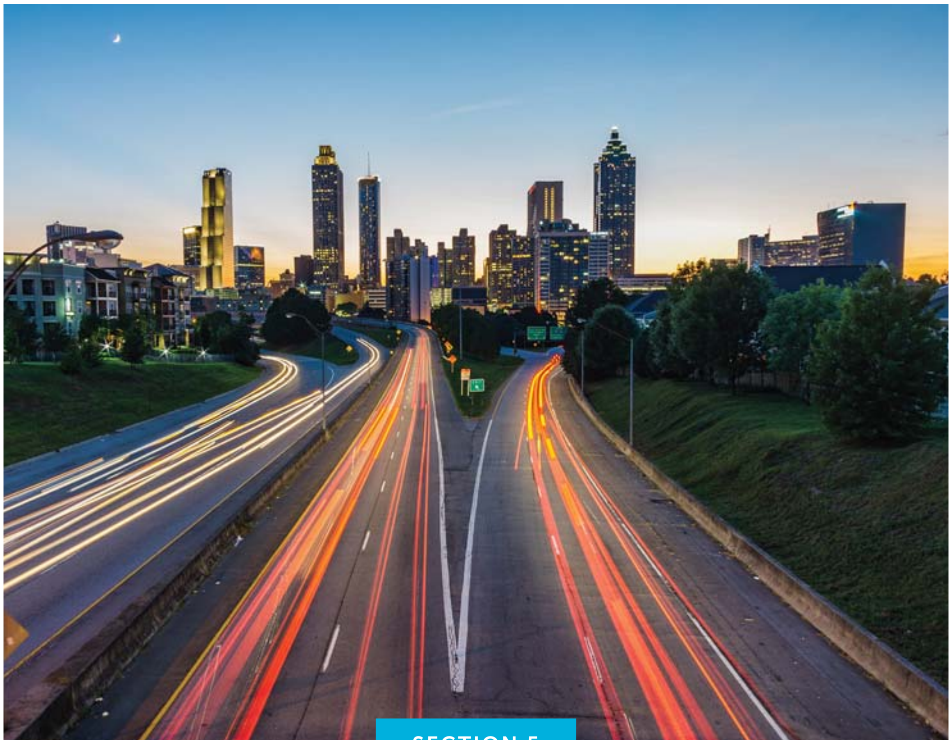


SECTION 5

INFRASTRUCTURE

Thriving Infrastructure and Real Estate Markets are Key to the 21st Century Economy

The next generation of infrastructure will be built on public-private partnerships. With the passage of tax reform in 2017, the Trump Administration is expected to renew its focus on an infrastructure plan that will create more jobs and further stimulate the American economy. The Roundtable is eager to support a comprehensive infrastructure plan that responds to our nation's changing demographics. For instance, as Millennials favor mass transit and ridesharing services — while Baby Boomer commuters retire from the workforce — policymakers should balance current investments in roads and highways with greater resources for mass transit.

Sustained $1 billion annual investments in public transportation over 20 years could result in:

- $3.7 billion per year of additional GDP
- 50,731 jobs created
- $2.8 billion in wages
- $642 million in corresponding tax revenue

[Source: American Public Transportation Association]

To accommodate the nation's latest "transportation revolution" and transforming infrastructure, the Trump Administration is expected to supplement primary funding for projects from the federal government with appropriate state, local, and private investment sources. As a result, an expected $200 billion in federal spending on infrastructure over the next ten years could leverage roughly $800 billion in state and local, public and private investment.[1]

Independent analysts identify public-private investment as the "most significant funding approach" to support improved infrastructure over the next ten years.[2] Federal credit programs like TIFIA (transportation) and WIFIA (water systems), designed to fill market gaps by supplementing private co-investment and public-private partnerships (P3s), are increasingly necessary to modernize and expand our nation's infrastructure.

$1 TRILLION INFRASTRUCTURE INVESTMENT

Proposal Expected from Trump Administration

$200 BIL
FEDERAL

$800 BIL
STATE, LOCAL, PRIVATE

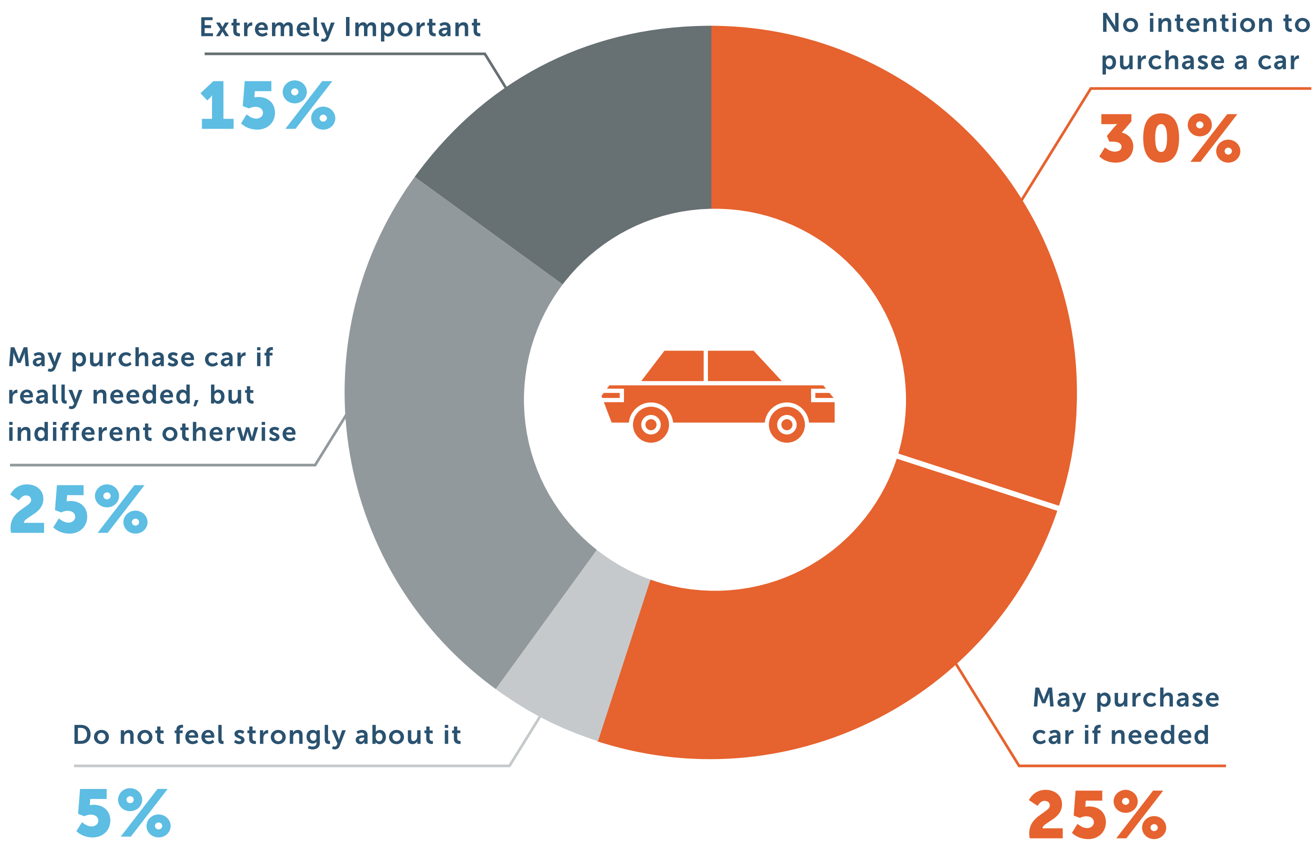
Real Estate is Essential to Funding State, Local, and Private Sector Investment in Infrastructure

Pro-growth policies for the real estate sector generate public revenue to finance

[1] Bloomberg, "Trump to Release Infrastructure Plan in January, Official Says," 2017.

TRANSPORTATION PREFERENCES BY GENERATION

Most Millennials don't see car ownership in their near future - unless they absolutely must



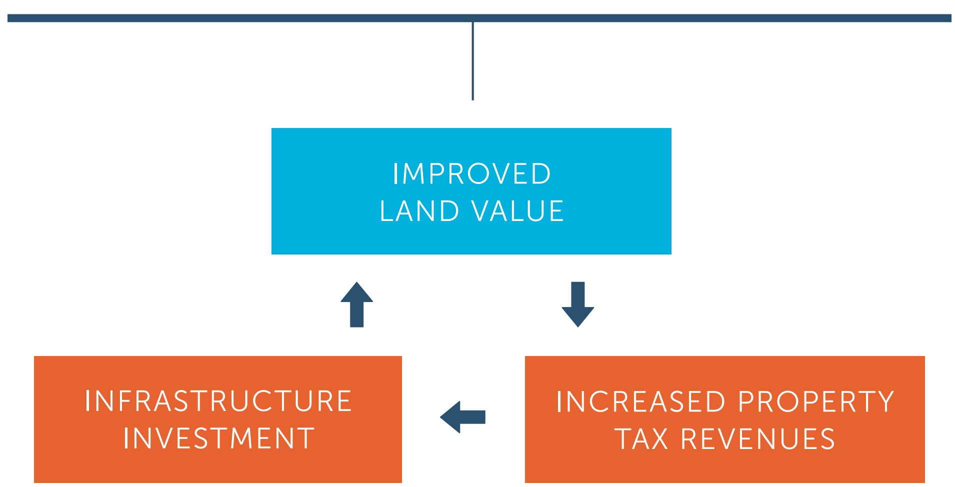
Source: Goldman Sachs Fortnightly Thoughts, 2013

critical infrastructure investments. Indeed, the quality of infrastructure systems — including transportation, utilities, and telecommunications—has been cited as the most important factor influencing real estate decisions in cities around the world.

Higher land values can generate revenue to help finance nearby infrastructure; that improved infrastructure adds further value to nearby real estate investments, creating a virtuous circle of local value and investment.

Recognizing the synergy between healthy real estate growth and necessary investments in infrastructure, policymakers should encourage financing "best practices" that

PRO-GROWTH REAL ESTATE POLICY WILL HELP FUND INFRASTRUCTURE



[2] Urban Land Institute

combine federal funding platforms and incentives (like tax-exempt private-activity bonds) – with state/local "value capture" techniques (like tax increment and special assessment districts) – as layers to further attract private debt and equity investors. All of these sources must work together to re-build America's infrastructure.

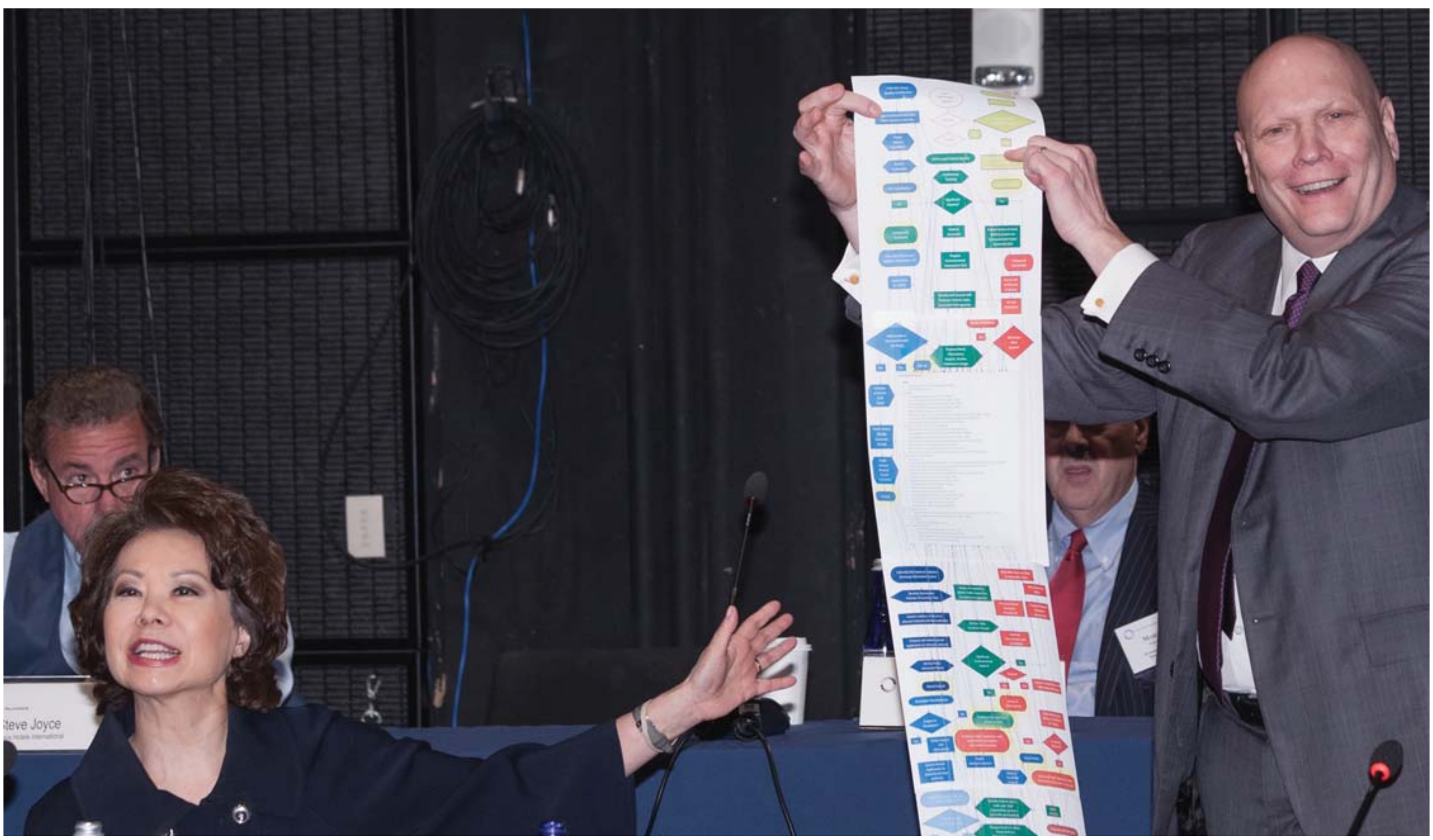
Policy makers should also consider how to responsibly and sustainably increase the federal gas "user fee." The biggest federal funding source for surface transportation is the Highway Trust Fund, capitalized by the "pay at the pump" gas tax. It currently sits at 18.4-cents a gallon for gasoline (24.4-cents/gallon for diesel) – and has not been raised since 1993. The fund is perpetually on the brink of insolvency and frequently bailed-out by Congress. Its purchasing power has been diminished over time by inflation and strides in the fuel economy of passenger vehicles. The infrastructure policy debate should properly re-cast the gas tax as a "user fee" that Americans must pay to repair and modernize our roads, bridges, and mass transit, and to grow our economy. Going forward, it should be indexed to inflation.

> **Higher land values can generate revenue to help finance nearby infrastructure.**

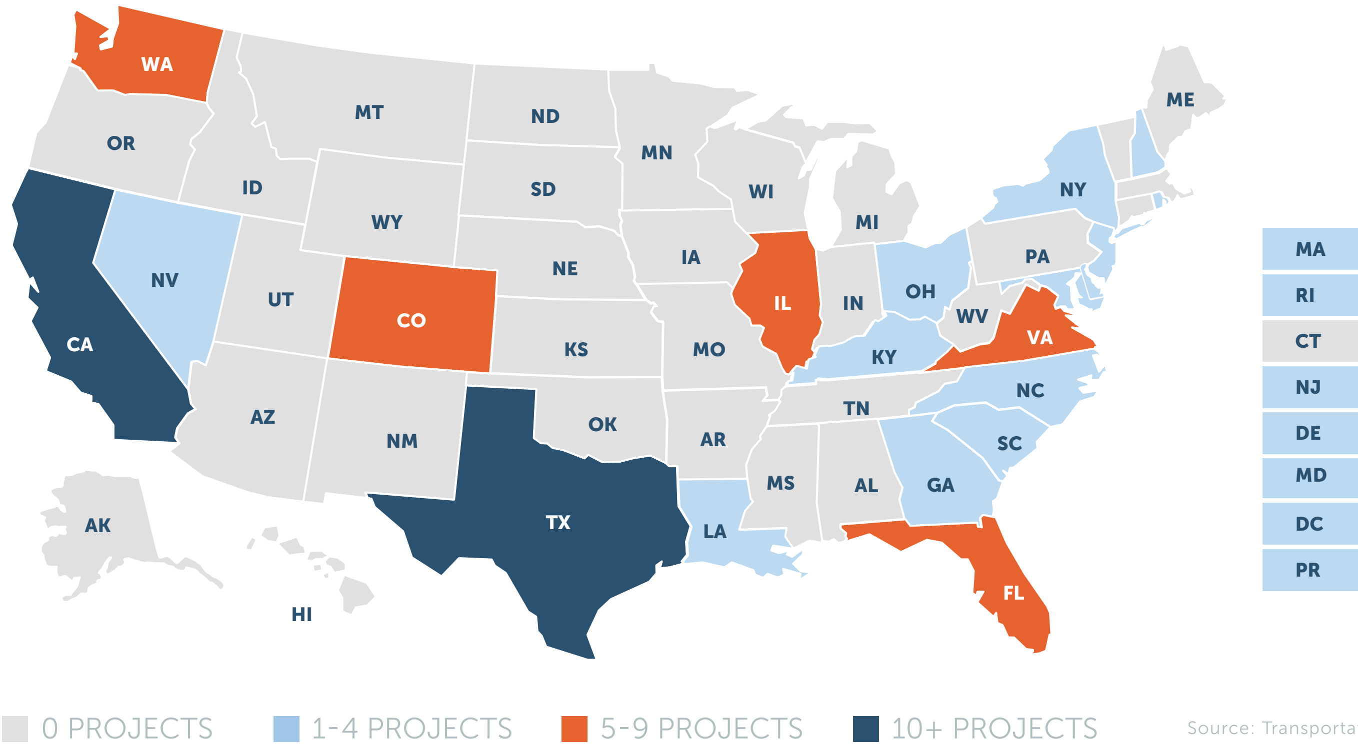
Policymakers should also ease undue regulatory burdens that unnecessarily delay delivery of infrastructure projects and avoid increased carrying costs. For example, New York State's anachronistic "Scaffold Law" is the only law in the country that holds property owners fully liable for all fall-related injuries, regardless of any worker-caused negligence. The resulting increase in insurance costs ultimately land with taxpayers. The Infrastructure Expansion Act of 2017 (HR 3808) would encourage responsible tort reform and limit the adverse consequences of New York's law, which has serious consequences for major interstate infrastructure projects.

The House's passage of the Save Local Business Act (HR 2441) is another example of legislation that undoes overly burdensome and stifling regulation — in this case, by clarifying that property owners, developers and other employers are only responsible for workplace conditions within their immediate control.

Secretary of the U.S. Department of Transportation Elaine Chao and Roundtable President & CEO Jeffrey D. DeBoer showcase the current extensive regulatory process for infrastructure projects in the U.S.



MAP OF PROJECTS FINANCED BY TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT



Source: Transportation.gov

House Transportation and Infrastructure Committee Chair Rep. Bill Shuster (R-PA)