

Infrastructure

Infrastructure could be a key area of compromise between President Trump and Congressional Democrats in 2019. A holistic infrastructure re-building effort will create American jobs and boost GDP, amplifying the pro-growth impacts from 2017's Tax Cuts and Jobs Act. Every \$1 billion spent on infrastructure creates an estimated 13,000 jobs.

The quality of infrastructure systems—including transportation, utilities, and telecommunications—has been cited as the most important factor influencing real estate decisions around the world. The productivity of our cities, towns and workforce depend on systems that safely and reliably transport people, supply power, and share information across the built environment.

In January 2018, The Roundtable wrote to President Trump, urging action on infrastructure legislation and outlining several priorities:

- ✓ **“Pay at the Pump”:** Responsibly increase the “pay at the pump” federal gas user fee that funds most US infrastructure and index it to inflation going forward.

- ✓ **Public-Private Partnerships:** Support P3s so public funds can leverage private debt and equity.
- ✓ **Attracting Foreign Capital:** Optimize policies to bring foreign investment capital into the US to pay for infrastructure – such as through repeal of FIRPTA and EB-5 investor fees.
- ✓ **Fair Tax Policy:** “Marketplace fairness” for states to collect sales taxes on internet purchases, with revenues to support infrastructure finance.
- ✓ **Streamlined Permitting:** Remove redundancies in the approval process for infrastructure projects and require better coordination among permitting agencies.
- ✓ **Leverage “Value Capture” Strategies:** Couple revenue collected from state and local tax increment finance (TIF) districts and special assessment districts (SAD), with federal loan programs to generate more capital for infrastructure development.

Autonomous Vehicles: Less Need for Parking, Increased Value of Office Space

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| <p>\$3,914,957 Additional yearly office revenue</p> | <p>40% Reduction in required parking</p> | <p>\$66,155,520 Present value of additional office space</p> |
| <p>90,624 Additional office space from parking reduction, sq. feet</p> | <p>2% Office rent annual growth rate</p> | |

Source: Henderson, J., & Spencer, J. (2016). *Autonomous vehicles and commercial real estate*. *Cornell Real Estate Review*, 14(1), 44-55.



Sen. Mitch McConnell (R-KY) who serves as Senate Majority Leader, addresses concerns for barriers to U.S. economic growth and competitiveness, such as excessive regulation, and federal debt.

finance strategies to develop projects that will sustain our infrastructure into the future.

Congress and the Administration should thus encourage public-private partnerships (P3s) to help fund appropriate projects. P3 programs leverage government dollars with private debt and equity to help maintain and build new infrastructure.

Federal credit support programs like TIFIA (roads, transit), RRIF (railroads) and WIFIA (water systems)—designed to fill market gaps by encouraging greater private co-investment in public infrastructure—should be authorized, improved and expanded by Congress.

Real estate frequently boasts a mass transit “premium” of higher values where it is located in transportation

corridors. Increased property values can generate greater sources of state and local taxes to help finance nearby infrastructure. Federal finance programs should leverage such “value capture” strategies to combine revenue sources from all levels of government.

Streamlining the Project Permitting and Approval Process

Policymakers should ease regulatory burdens for projects of the same size and scope in the same location as existing infrastructure. For example, if a bridge or road is proposed in the same place as a crumbling one in disrepair, and adds no or minimal traffic, regulatory approvals to obtain federal dollars should be streamlined. Likewise, if lead-tainted water pipes need to be replaced and safe ones will be located in the same spot, public-private partners should be able to swiftly cut through the red tape and bring the project to fruition.



(L-R) Roundtable Chairman Emeritus Christopher Nassetta, (President & CEO, Hilton Worldwide) and Rep. Nancy Pelosi (D-CA), who was elected by her peers to serve as Speaker of the House in the 116th Congress. She was previously House Minority Leader from 2011-2018.