

Real Estate Policy Priorities for the  
Biden-Harris Administration

December 16, 2020

**I. COVID-19 Relief for Families, State/Local Governments, and Businesses**

***a. Direct relief to workers and families***

The *CARES* Act helped to mitigate the immediate negative economic consequences of the COVID-19 recession, “[b]y many measures the worst since the Great Depression,” [according to the Congressional Research Service](#). The sharp declines in GDP and employment numbers last spring and summer would have been even worse without the direct relief Congress provided in March to America’s families and workers.

Today, the federal government must do more. Recent data on employment and GDP growth are positive, but the economic recovery will continue to stall until the health crisis is under control. Pending manufacture and distribution of a widely available vaccine that engenders the public’s trust, we urge further direct assistance to lessen the financial pain that America’s workers will continue to feel into the holiday season and beyond Inauguration Day. New rounds of stimulus checks are needed to help families put food on the table and cover essential costs like health care and childcare, while also boosting aggregate demand throughout the economy. Also, supplemental unemployment insurance for Americans, including self-employed individuals, who have been displaced from their jobs or lost their businesses, must be a priority. A compromise is reachable to provide further jobless benefits along the lines of *CARES* Act assistance in a manner that does not incentivize chronic unemployment.

***b. Rental assistance for residential and business tenants***

Rents paid by residential and business tenants provide a revenue stream that redounds to the entire economy. Rental income gives building owners the resources they need to pay the salaries and benefits for the millions of workers – hired at all skill levels and across diverse ethnicities – in the U.S. construction, hospitality, and real estate workforce. Rental income pays the debt service that keeps mortgage markets functioning; the utility bills that support a reliable, resilient and “clean” electric grid; and maintain the property values upon which workers’ pension investments and 401(k) retirement savings depend. Moreover, the economic downturn felt by state and local governments will cut deeper if rental income streams run dry. Property taxes are the main source of revenue in local governments’ coffers to pay for schools, infrastructure, and first responders. If rents are not paid, then property taxes are not paid, and asset values will decay – with cascading negative consequences that can leave our cities and municipalities unable to fund essential community services.

The U.S. real estate industry urges a COVID relief package that provides targeted assistance for both residential and business tenants, economically impacted by the pandemic, to help them meet their rent obligations.

*Residential rent assistance:* The current federal residential eviction moratorium enacted by [order of the Centers for Disease Control \(CDC\)](#), itself an extension of the *CARES* Act’s initial moratorium, is

set to expire on December 31. An eviction moratorium temporarily ensures current renters' housing but does not erase a tenant's underlying legal obligation to meet contractual commitments and make-up missed rents – while at the same time increasing pressure on property owners to stay current on mortgages, pay utility bills, maintain buildings, and generally meet their own obligations without inbound rental income (see [here](#) where a dollar of residential rent actually goes).

According to Moody's Analytics, there will be a \$70 - \$75 billion backlog in rent owed by January. Efforts by Congress and the current Administration to date have prevented evictions by providing financial assistance to households and employees (through expanded unemployment benefits, stimulus checks, and the Paycheck Protection Program [PPP]) that has been critical to help residential tenants meet their monthly rent payments. An extension of the federal eviction moratorium is not the solution because it does not relieve residential tenants from their contractual obligation to make-up any missed rents. Extended moratoriums also threaten to exacerbate the pre-pandemic affordable housing shortage by discouraging new rental housing development and renovation, and possibly forcing smaller landlords to sell their properties and take those units out of the already under-supplied rental pool. Also, a federal eviction moratorium can frustrate state and local efforts to stabilize their housing markets and address local conditions. These policymakers are best situated to deploy tenant protections most appropriate for their circumstances, given the varied and unique eviction laws and judicial processes across jurisdictions.

Renters across the income spectrum who have been financially affected by the pandemic should be eligible for temporary financial support that helps them get back on their feet while providing monthly payments due and owing to their landlords.

*Business rent assistance:* PPP borrower eligibility criteria, employee size thresholds, and “affiliation” rules should be expanded to help more aggrieved businesses obtain access to the credit they need to survive the pandemic, keep workers on payroll with benefits, and use loan proceeds to help meet their rent obligations. Eligible uses of PPP funds should be expanded to include state and local property taxes to provide businesses necessary flexibility in meeting their obligations. Real estate businesses that have sustained revenues losses due to the COVID recession should be made eligible for PPP loans, consistent with the plain language and Congress's intent expressed in the CARES Act. Moreover, the pandemic's impact has magnified systemic inequities in lending markets. Black-, Brown-, and women-owned businesses have endured disproportionate hardship from the fallout of COVID-19 and have particularly lacked access to lines of credit and capital. PPP reforms should include key provisions that support businesses owned by minorities and women, and prioritize loans from Community Development Financial Institutions (CDFIs) that provide credit and financial services to underserved markets.

*Non-government capital to help business tenants:* Tenants, especially those in the retail sector, are severely hurt by restrictions on commerce that state and local governments need to impose to curtail the spread of COVID-19. These tenants need new sources of equity capital to help them stay in business, but outdated tax rules unnecessarily limit the amount of equity capital that real estate investment trusts (REITs) can inject into their tenants. Legislation is needed to update these REIT rules to allow tenants to access this new source of capital.

### ***c. Deductibility of Business Expenses Paid with PPP Loans***

The CARES Act provided for non-taxable treatment of debt forgiveness of PPP loans. However, the Internal Revenue Service has ruled that businesses with forgiven PPP loans may not deduct the

expenses that were paid by the proceeds of these loans. This position runs counter to congressional intent and will harm millions of small businesses struggling to keep the doors open and employees on the payroll. We urge you to support legislation to reverse the IRS position and allow these expenses to be deducted.

***d. State and local government assistance***

According to the [National League of Cities and the U.S. Conference of Mayors](#), 88 percent of cities expect a budget shortfall this year due to COVID-19. The [National Association of Counties likewise reports](#) that counties of all population sizes are incurring drastic fiscal losses. We are pleased that most states and municipalities have been able to collect online sales taxes as provided in the 2018 *Wayfair* decision and strongly believe that authority should be preserved as a means of community resiliency. However, the salaries and benefits of millions of teachers, health care workers, police officers, firefighters, and transportation workers are at risk without federal intervention.

It is imperative that a stimulus bill include ample assistance to state and local governments. They need financial help to avoid furloughs or layoffs, and ensure they have the means to treat the sick and distribute eventual vaccines in what is shaping up to be a dangerous winter as the [CDC reports sharp spikes](#) nationwide in coronavirus cases. Direct federal support should help state and local governments minimize their general revenue shortfalls and assist their pandemic response efforts.

***e. Safeguards against frivolous lawsuits***

The U.S. real estate industry supports proposals that would give business and other entities fair liability protections if they satisfy pertinent federal, state, and/or local guidelines and protocols developed to curtail the spread of COVID-19 and limit exposure to its pathogens. Any employer found to have recklessly exposed their employees and other audiences to the coronavirus should rightfully bear litigation costs and pay damages. However, if schools, hospitals, senior living, non-profits, manufacturers, and other businesses follow the best available guidelines and protocols offered by the CDC, EPA, OSHA and other government agencies, including state and local agencies, they should be able to conduct normal operations without the fear that a baseless lawsuit will drag them into court.

***f. Expenses associated with maintaining safe and healthy workplaces***

Maintaining a safe and healthy working environment has always been a priority for our industry. The current pandemic requires heightened measures and extra costs – not anticipated at the start of 2020 – regarding building disinfection, ventilation, PPE purchases, and workplace re-configuration. Recent legislative proposals would allow businesses to recover a portion of these costs incurred since the pandemic struck. Our organizations support a temporary tax credit to help businesses meet the enormous and unexpected costs necessary to protect the safety of workers, customers, tenants, residents, and visitors.

***g. Secure transactions***

Social distancing requirements created by the pandemic are complicating the ability of Americans to complete mortgage refinancing and other financial transactions that involve in-person meetings. The cost of this lost activity to the economy, and American families, is enormous. We encourage you to support legislation that would allow commerce to continue safely and securely by facilitating the remote electronic notarization of documents.

## **II. Pandemic Risk Insurance**

The COVID-19 crisis has highlighted the lack of insurance availability for business continuity coverage for catastrophic pandemic events. Most business interruption insurance policies do not cover pandemic risk related claims. The lack of availability raises concerns for policyholders, so it is important to enact an effective federal program to address these gaps.

For real estate, business tenants are increasingly requesting provisions in leases that provide for rent abatement in the case of future pandemics. These lease provisions effectively move the risk of loss from the business tenant to the building owner. Typically, when owners see risk they try to mitigate it through financial hedging, operation protocols, or with insurance. When risk mitigation tools are not available, either the parties will not reach agreement, the rent will go up to compensate, or some other aspect of the lease will change to the business tenant's detriment. Any of these results will hinder economic activity.

Although overshadowed by other effects of the pandemic, if not remedied, these insurance gaps will hinder any recovery in business lending, new leasing activity, and the retail and hospitality sectors. Private insurance alone cannot and will not remedy the gaps, but private insurers need to be part of the solution.

To address this challenge, many of our organizations are working with various stakeholders and policymakers through the newly formed [Business Continuity Coalition \(BCC\)](#) to develop and enact an effective federal pandemic risk/business continuity insurance program that provides the economy with the coverage it needs to provide business continuity coverage in the face of pandemic risk. The BCC represents a broad range of business insurance policyholders – large and small – from across the American economy, employing millions of people.

There are several models currently being discussed to address business interruption and to provide for business continuity in the event of a COVID-19 resurgence, a future pandemic, or government-mandated shutdown. We encourage the new Administration to work constructively with Congress and key stakeholders to develop a workable federal program that meets the needs of a broad range of groups (including policyholders, taxpayers, and insurers) and prepares the nation for the next pandemic.

## **III. Debt Restructurings and Workouts**

### ***a. Financial regulatory relief***

The mandated closures associated with the COVID-19 pandemic have created significant marketplace disruption. Hospitality and retail real estate, in particular, have been negatively impacted, and office, multi-family, manufactured housing and healthcare-related real estate, among other property types, are also seeing impairment. As tenants struggle to pay monthly lease obligations and hotels remain effectively shuttered, many property owners are struggling to meet their debt obligations. There is growing concern that this could soon cascade through the over \$4 trillion commercial real estate debt market and exponentially increase the pressure on the financial system.

Regulatory flexibility for lenders helps deliver temporary relief to borrowers and gives them the opportunity to weather the pandemic. In particular, relief from the Financial Regulatory Agencies and the *CARES* Act allows loan modifications for borrowers affected by COVID without having to designate the modifications as a troubled debt restructuring (TDR). To date, these actions have been

particularly effective in allowing lenders to offer prudent relief to commercial real estate borrowers who have been affected acutely by the pandemic and whose properties are reasonably expected to return to viability post-pandemic.

The ability to use TDR will soon expire. We urge the new Administration to direct the Agencies to provide financial institutions with the additional flexibility they need to continue to do the right thing, by clarifying that modifications up to 36 months do not result in TDRs. We also urge the Administration to support an extension of the *CARES* Act section 4013 deadline through 2021.

#### ***b. Cancellation of Debt Income***

In addition, our industry urges you to work with Congress to remove tax obstacles to private sector debt restructurings and workouts, which could allow businesses to avoid bankruptcies, foreclosures, and layoffs. Specifically, current tax rules discourage creditors and debtors from mutually agreeing to modify existing loans because any resulting debt forgiveness can generate immediate tax liability—cancellation of debt (COD) income—for the borrower, even though he or she has received no actual cash income. Keep in mind, lenders operating at arm’s length will reduce or forgive the amount of outstanding debt only when the borrower has suffered a commensurate, and normally greater, loss in the value or earning power of its assets. A debt cancellation event reflects a severe hardship on the part of the borrower, not an enrichment. This is especially true in the case of a debt cancellation due to foreclosure.

The *CARES* Act exempted loan forgiveness under the \$670 billion PPP from COD income. For the next few years, Congress and the incoming Administration should allow distressed borrowers to exclude COD income, or economically similar gains, to the extent that they reduce the basis of their depreciable and non-depreciable assets. The tax owed on restructured debt would not be forgiven, but would be collected over time by way of reduced tax attributes that limit deductions and increase taxable income. In short, the tax will still be paid, gradually, in a way that avoids undue hardship for struggling businesses and hastens the economic recovery.

Relatedly, we also urge your support for a seamless extension of the current-law provision that excludes from gross income any mortgage debt forgiveness on a principal residence, which is set to expire at the end of 2020. Fortunately, most homes in America have experienced increases in value over the past year, despite the economic turmoil caused by the pandemic. However, there are still some areas in the nation where home values have not recovered from the housing recession of a decade ago, and some households find themselves underwater as to their mortgage. When economic disaster or illness strikes families in this situation, they may find themselves having to sell their home at an amount less than what they owe or turning in their deed in lieu of foreclosure. This can lead to COD income and tax liability at a time when the borrower is unable to pay the tax. The 2008 provision to exclude such income in these circumstances is still vital to many thousands in this situation and should be extended or made permanent.

#### **IV. Real estate and tax policy**

Today, real estate income is taxed on a rational basis, with rules that are well-aligned with the economics of real estate assets and investment. Existing tax rules promote capital formation and help ensure that resources flow to productive, long-lasting investments that create jobs and improve communities. Going forward, we believe the tax code should continue to spur investment in

commercial real estate through provisions that promote the efficient allocation of capital and support the development and rehabilitation of properties.

During the Presidential campaign, you put forward several bold ideas and proposals to amend the tax code to help address important social and economic priorities. These included tax incentives for energy-efficient upgrades to commercial buildings, changes to enhance the effectiveness of Opportunity Zones, and tax provisions to improve the supply and affordability of housing. Other important proposals would establish a tax credit to help finance the costs of rehabilitating properties in distressed neighborhoods, expand the new markets tax credit, and reinstate tax incentives for energy-efficient residential construction. We share your commitment to creative, market-based tax policy solutions to issues such as housing availability, climate change, and access to capital. We commend these proposals that would encourage new investment and lead to greater economic opportunity and prosperity in low- and moderate-income communities. We hope to work closely with your economic team and lawmakers to further refine and advance these concepts into law.

***a. Energy efficiency tax incentives***

Recently introduced legislation would spur private investment in energy-efficient improvements to commercial and residential buildings. The bipartisan proposal would create a new category of energy-efficient qualified improvement property eligible for an accelerated 10-year cost recovery period. An [outside analysis](#) found the proposal would generate \$15 billion in energy bill savings, reduce carbon dioxide emissions by 100 million tons, and boost employment by the equivalent of 130,000 additional job-years. This effort is supported by a diverse coalition of real estate, manufacturing, and environmental organizations. The proposal aligns with the overall objectives of your climate plan. We hope you will embrace this bipartisan legislation as it advances.

***b. Opportunity Zones***

Your proposal to encourage Opportunity Zone investors to partner with nonprofits and community organizations could be a catalyst for greater local engagement and job creation for the residents of the targeted census tracts. We share your interest in improving the effectiveness of the Opportunity Zone incentives. Over the summer, [several of our organizations recommended](#) certain Opportunity Zone reforms that would boost job growth and investment in hard-hit communities. Those recommendations included providing that a 50 percent increase in the basis of a building constitutes a substantial improvement of the property, as well as codifying the tax rate on deferred gain and extending for two years the deadlines that must be met in order to qualify for the increase in basis for gain rolled into an opportunity fund. We also support efforts to improve Opportunity Zone information reporting and transparency. As you consider your overall approach to Opportunity Zones, we encourage you consider reforms such as these that would drive a new wave of economic activity and help get people in struggling communities back to work.

***c. Low-Income Housing Tax Credit***

We also support your effort, as an initial measure, to invest an additional \$10 billion over ten years in the low-income housing tax credit (LIHTC). The LIHTC is the principal federal program financing the construction and rehabilitation of affordable housing. We urge you to consider prioritizing additional investments, including bipartisan proposals to increase the amount of low-income housing credits allocated to states by 50 percent and incentivize the building of more than 500,000 homes. Additionally, we urge you to support the creation of a Middle-Income Housing Tax Credit to support

workforce housing development and help address the affordable housing crisis facing many middle-income families.

***d. First-time Homebuyer Tax Credit***

We agree with the Biden-Harris proposal to provide a tax credit of up to \$15,000 to help first-time purchasers get into their first home. The American Dream of owning a home has become elusive for millions, and especially for minorities, middle-income, and millennial households. Yet, never has homeownership been a more important gateway to financial security. According to the Federal Reserve Board's Survey of Consumer Finances, the median family net worth for all homeowners was \$255,000 as of 2019, whereas the median family net worth for renters was just \$6,300. Taking the step into homeownership also provides major educational, social, and economic benefits for families, communities, states and the nation.

***e. Tax Incentives to Increase Supply of Housing***

As serious as our current pandemic-related economic downturn is, it features a few bright spots that have kept millions more financially secure and employed. One of these is the housing market, which has been greatly assisted by record low interest rates and the desire of millions to find homes with more space from which to work in the current environment. However, this boon to our economy has been severely limited by the current shortage of homes available for purchase. If more residential housing were available, we could see greater employment and higher revenues for struggling state and local governments. Therefore, we encourage you to consider supporting tax proposals to incentivize the creation of more housing units. These could include the rehabilitation and commercial-to-residential tax credit mentioned above, tax credits to incentivize the training and hiring of more residential construction workers, and even tax credit bonds to encourage local governments to speed up the approval of zoning and other decisions that result in the creation of more residential units.

**V. Climate and energy policy**

Your climate and energy framework sets targets for the U.S. economy to achieve net-zero emissions by 2050, and a carbon-free power sector by 2035. To meet these goals, federal policies must interact cooperatively with state and local climate regulations. “[R]oughly half of the growth in U.S. renewable energy generation since the beginning of the 2000s can be attributed to state renewable energy requirements,” [according to the National Conference of State legislatures](#). Directly impacting the real estate sector are the 40-plus [state](#) and [local](#) laws that require commercial buildings to benchmark and publicly report energy use, undertake retrofit projects, and meet specific targets to reduce energy consumption and carbon emissions.

These laws – and environmental demands from real estate investors, tenants, and other audiences – have prompted commercial building owners to examine their “energy supply chain.” Our members have successfully strategized for decades *on-site* to lower energy consumption and deploy renewable technologies at their buildings. Now, they also routinely look *off-site* to assess whether the electricity they purchase derives from “clean” sources.

Federal leadership is critically needed to provide standardized protocols, data, and tools for state and local policy makers to measure emissions, price carbon, and incentivize technologies that lean into “net zero” and “zero carbon” goals. Our climate policy agenda – which will also create well-paying jobs in energy employment markets – includes recommendations to:

- Improve the process to develop voluntary model building energy codes that states and localities may adopt regarding new construction and major renovations. Participation by the U.S. Department of Energy (DOE) in the energy codes development process should be more transparent and directed by considerations of cost-effectiveness. Proposed code revisions submitted by DOE should be subject to an ample opportunity for stakeholder review and comment, supported by cost-benefit analyses, and include an assessment of impacts on small businesses.
- Create meaningful and usable incentives to spur retrofits of aging buildings that consume a lot of energy. Data collected by the U.S. Energy Information Administration (EIA) in its [most recent Commercial Building Energy Consumption Survey \(CBECS\)](#) estimates that more than half of the nation’s buildings were built between 1960 and 1999, with 25% built since 2000. Existing building retrofits can be incentivized through 10-year “accelerated depreciation” of high-performance (and costly) HVAC, lighting, window, and roof installations that meet “stretch code” specifications. As discussed in the tax policy portion of this memo, recently introduced bipartisan legislation would amend the tax code to provide 10-year cost recovery of “energy efficient qualified improvement property” – or “E-QUIP.” We expect a diverse coalition of environmental, manufacturing, and real estate groups will support this legislation.
- Motivate the Federal Energy Regulatory Commission (FERC) to hasten the electric grid’s transformation by finalizing and implementing its [proposed policy](#) to incorporate state-determined carbon pricing rules into wholesale electricity markets. States, regions, and municipalities are already treating carbon as a tradeable commodity in their climate laws that offer compliance through the purchase of “GHG offsets” and/or Renewable Energy Certificates (“RECs”). FERC has a vital role to help facilitate the types of long-term market signals that our energy future demands by fostering a harmonious nationwide system of guidance and standards relating to carbon pricing and measurement.
- Demonstrate deep decarbonization projects in the stock of federally-owned and -leased buildings, and lower the risk to deploy these new technologies by providing low-cost capital and other incentives to private sector building owners.
- Leverage and improve existing federal programs and data as consistent models for state and local climate laws. For example:
  - ✓ The widely-used [ENERGY STAR Portfolio Manager tool](#), housed at the Environmental Protection Agency (EPA), should be the only platform used across the nation to measure a commercial building’s carbon footprint and energy usage.
  - ✓ EPA’s [ENERGY STAR Tenant Space](#) program should be expanded to encourage more types of commercial building tenants to cooperate with landlords in their shared responsibilities to reduce energy consumption in U.S. real estate.
  - ✓ EPA’s [eGRID database](#) should be the primary information source for policy makers at all levels to convert various fuel sources to emissions for purposes of GHG registries, renewable portfolio standards, and emission reduction strategies.
  - ✓ The Commercial Building Energy Consumption Survey ([CBECS](#)) – the only nationwide government data source on the U.S. commercial building stock and its

energy consumption – needs improvement. It takes too long to generate CBECS data, and it will become obsolete unless it better integrates with similar and more current data regularly collected by EPA through its Portfolio Manager function.

## VI. Infrastructure

Real estate and infrastructure have a synergistic, two-way relationship. Roads, mass transit, Internet access, and a reliable power grid all enhance the values of the properties they serve, which in turn generate greater tax revenues to fund construction and development of even more infrastructure assets. The U.S. real estate industry’s policy recommendations to build and fund modern, sustainable infrastructure include the following:

- Develop revenue streams that can sustain the Highway Trust Fund (HTF), the nation’s main funding source for roads, bridges, and mass transit, for the long term.
- Taxpayers alone cannot foot the entire bill for all of the country’s infrastructure needs. Policies that encourage appropriate public-private partnerships (P3s) can unleash private equity investments, improve budget certainty, accelerate project delivery, and achieve greater efficiencies and innovations in project design and construction. Policies to encourage P3 deployment for infrastructure include restoring the federal tax exemption for certain state and local construction incentives (section 118); streamlining and improving the underwriting process for low-interest [TIFIA](#) loans; and raising the federal “volume cap” on private activity bonds issued by state and local governments for surface transportation.
- The Obama and Trump Administrations proposed measures to streamline the infrastructure approval process. We recommend that your Administration likewise establish permitting discipline – and move to codify – goals to complete all environmental reviews for major infrastructure projects within two years, and adopt a permanent “One Federal Decision” framework that makes a single federal agency responsible for shepherding a project through the approval process. In addition, as a condition to receiving federal infrastructure funds, a state or locality should agree to complete its own land-use and zoning reviews aligned with federal permitting timelines.
- We support your Administration’s ambition to “spark the second great railroad revolution.” This aim can be furthered by clarifying the interaction between federal *grant* programs and federal *loan* programs used to fund rail projects of national and regional significance. Toward this end, repayment of [TIFIA](#) loans from non-federal funds should qualify toward the non-federal cost share contribution required by [Capital Investment Grants \(CIG\)](#) for “New Starts.”
- For 60 years, the tax rules for REITs have allowed average Americans to pool their resources to collectively invest their capital into commercial real estate businesses. We recommend that you work with Congress to consider updates to the REIT rules to allow REITs to invest in and operate more types of infrastructure investments, including renewable energy.
- While housing is discussed in greater detail below, infrastructure and housing are linked in significant ways and any discussion of infrastructure policy must also include consideration of the nation’s current and future housing needs. The federal government can play an important role in lowering development costs, reducing barriers to construction, and allowing more rental housing to be built. Federal agencies should also use their authorities and incentive programs

to encourage state and local governments to adopt specific policies enabling housing development that is affordable, high-density, and transit-oriented.

## **VII. Affordable Housing**

Further comprehensive COVID relief legislation should provide financial support for qualifying renters to meet their lease obligation, keep them safely housed, and provide mortgage payment forbearance to owners experiencing declines in rental income. Of course, these emergency responses are not long-term solutions to address the nation's chronic housing crisis. The pandemic aside, affordable housing supplies are too low and too many low-income and middle-class families spend more than 30% of their income on housing. The U.S. real estate industry suggests a menu of policies to provide a range of housing options that enhance the livability and productivity of our communities. They include:

- Enact housing finance reform reform—through thoughtful legislation and rulemaking—that ensures liquidity in the mortgage markets for home buyers and supports the creation and preservation of rental housing at all income levels while minimizing risk to taxpayers, promoting market transparency, all without jeopardizing the stability of a broad national housing market.
- Fully fund the Section 8 housing choice voucher program to eliminate waitlists and reform the program to incentivize greater private market participation.
- Maximize the effectiveness of the Low Income Housing Tax Credit (LIHTC) (as further discussed in the tax policy section of this memo), which has been “consistently effective at leveraging private capital to fund the development of high quality affordable rental housing,” [according to the Bipartisan Policy Center](#).
- Avoid market restrictions like rent control and similar policies that tend to make housing supplies less responsive to changes in demand and increase housing costs over the long term.
- Reform HUD's Section 108 loan guarantee program to maximally leverage taxpayer resources and encourage private sector co-investments through P3 procurements for the design, construction, rehabilitation, finance and operation of public and low-income housing.
- Clarify existing regulations under the Community Reinvestment Act (CRA) so banks can receive “credit” in serving the mortgage and other lending needs of middle-class households and geographies (in the range of 80% to 120% of an area's median income).
- Assess whether current bank regulatory definitions imposing tighter capital requirements for Acquisition, Development and Construction (AD&C) loans may be limiting lending for housing developments for middle class buyers and renters.
- Foster a “Yes in My Backyard” – or “YIMBY” – environment whenever federal agencies provide grants and incentives, to induce states and localities receiving federal dollars to demonstrate enforcement of high density zoning and other land-use rules essential to entitle affordable housing projects.

- Promote greater production of manufactured housing as a high quality, less costly alternative to site-built homes.
- Direct the General Services Administration to prioritize increasing affordable housing supplies when it disposes surplus and under-utilized federal properties.
- Improve underwriting criteria for mortgages from lenders approved and insured by the Federal Housing Administration so they are not unduly restrictive on first-time home buyers that also carry student loan debt.
- Help reduce costs for consumers and create more efficiencies for the industry by supporting multistate licensing mechanisms for real estate service providers such as appraisers. Legislation could streamline licensing processes and increase services performed for borrowers and lenders.

### **VIII. Immigration**

Our industry looks forward to collaborating with your Administration to secure our traditions as a nation that welcomes immigrants and travelers from abroad. Safeguarding homeland security and achieving sensible visa reforms are complementary, compatible goals. We firmly believe we can protect our border and also attract the talent, innovation, and capital our country needs to compete in the global marketplace.

The immigration workforce touches the full spectrum of commercial and residential real estate jobs, at all skill levels – ranging from construction workers, property managers, investors, senior living care staff, housekeepers, engineers, executives, and the seasonal workforce upon which the hospitality and attractions sectors heavily depend. Immigrant workers account for almost [30% of the construction trades](#), and an [estimated 41% of DACA recipients](#) work in real estate and related industries. Long-term growth for the real estate industry and economic productivity overall depend on a stable, legal cohort of immigrants in the U.S. workforce.

To these ends, sufficient visa numbers must be made available and “caps” should be raised in categories subject to excessively long wait times. Immigration reforms should stop the cycle of educating STEM students in our universities, only to see them return to their home countries after they earn their degrees in the U.S. Temporary and seasonal work authorizations must be made more readily available where American workers cannot be found to fill positions. Agency rules that are not working to attract qualified foreign-born workers and investors must be re-examined, especially where they are suppressing U.S. job creation and investments in underserved communities that can greatly benefit from infusions of foreign capital. Strong security processes must be maintained while also bolstering international tourism through a “secure travel partnership” that efficiently allows business and leisure travelers from allied nations to visit our shores and spend their money here – which creates [over \\$250 billion annually as travel exports](#) and helps correct the U.S. international trade deficit.