

Intro

Stability, Equality, Stimulus— A Path to A More Resilient Economy

The Real Estate Roundtable begins 2021 renewed in our commitment to help advance national policy initiatives that will mitigate the economic damage caused by the ongoing pandemic. That global crisis continues to impact our industry and the millions of workers, businesses, local governments, schools, hospitals and other institutions that rely on our sector and the tax revenue it drives based on property values. For more than twenty years, the Roundtable has supported federal policy that fuels jobs, strengthens our economy, and builds long-term prosperity for all Americans. And we have done so through war, recession, and now sadly a global pandemic.

Today, far too many American citizens and businesses—particularly small businesses—have been devastated by the crisis through no fault of their own. The resulting threat to the broader economy cannot be overstated. When property values decrease (by virtue of external events like a global pandemic that forces businesses to close or by tax policy changes that unfairly penalize real estate assets), state and local taxes fall, threatening the health of local governments and those individuals and small businesses most in need. At a macro level, much more is at stake: U.S. commercial real estate is valued



Roundtable Chair Debra A. Cafaro (Chairman & CEO, Ventas, Inc.)



Roundtable President and CEO Jeffrey D. DeBoer

at more than half of the market capitalization of all U.S. publicly-traded companies and fuels more than 13 million jobs. Taxes derived from real estate ownership and transfer represent the clear majority of local tax revenues, which fund schools, police and firefighters, critical infrastructure and support for the most vulnerable members of our community. The arithmetic in this case—or in any crisis—is plain: changes to tax policy that unfairly penalize commercial real estate diminish property values and, in turn, the revenue they produce for state and local governments during their most critical time of need. That is why federal policy traditionally seeks to bolster property values, especially in times of crisis, and not depress them.

Indeed, federal policy has long recognized the real estate industry for its positive role in economic recoveries.

Throughout the current crisis, real estate has continued to contribute essential tax revenue derived from property values, and owners of real estate have worked with tenants, advocating for federal assistance, educating residential tenants on how to access relief, and providing businesses guidance to ensure safe and effective ways for their workforce, customers, and visitors to re-enter buildings. Roundtable members have engaged experts, developed best practices, sourced and delivered protective equipment, increased the efficiency of their systems, invested in their communities, and worked closely with state and local governments and federal policymakers to ensure the most effective policy outcomes possible. Notwithstanding the serious challenge ahead, the real estate industry remains in a relatively strong position

to help stabilize the economy, catalyze its recovery, and support its future growth. This is so in large part because of data-based policy that has sustained positive fundamentals like low leverage, general market balance, and functioning capital markets.

Where policy does warrant reconsideration, it should be to address the longstanding inequalities of economic opportunities, growing income disparity, decreasing availability of affordable housing, deteriorated infrastructure, outdated immigration laws and climate change, each of which deepens the threat to our nation's long-term economic success. The Roundtable stands ready to support progress on all of these issues with non-partisan, market evidence and reality-based guidance to help stabilize the fallout from the pandemic and simulate sustainable economic recovery. We support rebuilding the nation's infrastructure across local communities, increasing housing availability especially for those in most need, reforming outdated immigration laws, and market-oriented strategies that confront climate change.

The Roundtable's Equity, Diversity and Inclusion Committee is committed to creating more economic opportunities in commercial real estate for Black, Latino and other historically under-represented groups.

That committee will also develop an anti-discrimination, pro-inclusion federal policy agenda on issues related to tax, capital markets, ESG, housing, infrastructure, and immigration. It will supplement its prior research on advancing equality in the real estate sector with research specific to the effects of the pandemic on minority and low-income communities.

The Roundtable calls for bipartisan support for federal measures to accelerate economic recovery and strengthen our resiliency in the event of future pandemics or similar threats: direct relief to workers and families, rental assistance for both residential and business tenants, temporary tax incentives to offset the cost of critical health and safety measures implemented by employers, and legal liability safeguards for businesses



Roundtable Chair-Elect John F. Fish (Chairman & CEO, SUFFOLK)

that clearly define expectations and create much-needed certainty for employers to facilitate a return to work. We also support indirect relief through tax changes that allow private capital to flow to struggling employers and support for state and local economies overwhelmed by the toll of the virus. We must also build for the future—sustainable recovery requires a federal pandemic risk insurance program tailored to the needs of policyholders, taxpayers, and insurers, as well as appropriate guidelines for pandemic-related liability, and efforts to restore and boost confidence in the health and safety of our nation's transportation system.

Our efforts are geared toward policy-driven outcomes that improve the lives and long-term economic security of all Americans: a strong national infrastructure, lower energy consumption, retrofitting of aging buildings, and transformation of the electric grid. Our industry is also united behind housing affordability, such as low-income housing tax credits and incentives for land-use permitting and zoning reform, which would lower housing costs. We support critical immigration and visa reforms that attract talent, innovation, and capital to our country without sacrificing border security, as well as reforms to the tax laws applicable to foreign investment. We look forward to working with Congress and the Administration to improve the fairness and efficiency of the entire tax code, and to ensure our tax laws continue to support necessary capital formation and productive investment to further grow jobs and the economic health of all American communities.