



The Real Estate
Roundtable

Spring Roundtable Meeting

Policy Toolkit: Executive Summary

April 2022

The Real Estate Roundtable works with national policymakers everywhere to build a fairer, healthier, and more equitable America.

Tax Policy

Avoid Taxing Unrealized Gains

Recent proposals to tax unrealized gains would upend over 100 years of federal taxation, require an unprecedented IRS intrusion into household finances, and create unknown and likely unintended consequences for the U.S. economy.

Preserve Like-Kind Exchanges

Fundamental to the health and financing of commercial real estate, like-kind exchanges helped stabilize property markets at the height of the COVID-19 lockdown and will facilitate a faster and smoother transition to the post-COVID-19 economy as many real estate assets are repurposed.

Reward Capital Formation and Investment

Maintaining a reduced tax rate on capital gains decreases the cost of capital, drives long-term investment, encourages productive entrepreneurial activity, draws investment from around the world, and increases U.S. workforce productivity and competitiveness.

Equitable Tax Treatment of Pass-Through Businesses

Our pass-through regime is a competitive advantage of the U.S. tax system. Closely held partnerships and pass-through businesses drive job growth and entrepreneurial activity. Congress should retain the full 20% pass-through business income deduction.

Expand Affordable Housing Through Tax Incentives

Safe, decent, and affordable housing is critical to the well-being of America's families, communities, and businesses. The low-income housing tax credit is an efficient, market-based housing solution that if expanded, could create and preserve more than 2 million additional affordable homes, support 3 million jobs, and generate \$119 billion in sustainable tax revenue.

Incentivize Investments in Opportunity Zones

Opportunity Zones have mobilized \$75 billion in new investment in low-income communities in recent years. Congress should act quickly to extend OZ deadlines in order to promote continued capital formation and job growth in underserved areas.

Infrastructure

Investing to Strengthen Physical Infrastructure

The bipartisan *Infrastructure Investment and Jobs Act (IIJA)* is a historic, long-term investment in infrastructure that will enhance how we productively move people, goods, power and information from home to work, business to business, community to community—and building to building.

Climate and Energy

Energy Policies in IIJA Implementation

The *IIJA* makes the largest-ever federal investments to decarbonize the nation's electric grid so it can be powered by clean renewable energy sources, and to build out a nation-wide network of electric-vehicle charging stations.

Potential Climate Reporting Requirements

If finalized, the SEC's proposed rule on climate-related disclosures would become the first-ever federal regulation for all registered companies to report, measure, and quantify material risks related to climate change in the annual Form 10-K. The Roundtable is preparing to submit comments to the SEC by its May 20, 2022 filing deadline.

Clean Energy Tax Incentives

The suite of clean energy tax incentives included in the House-passed *Build Back Better Act* should be made fully accessible to real estate companies to accelerate progress toward national goals to cut GHG emissions and achieve a 100% carbon-free electric grid over the next decade. The prognosis for passage of the *BBB Act* in the Senate is far from certain, but there appears to be some interest to advance its climate-related tax provisions.





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Capital and Credit

Protecting American Jobs from Pandemic Risk

The Roundtable is working through the Business Continuity Coalition to develop and enact an effective federal public-private backstop program that provides the economy with the coverage it needs to protect American jobs in the face of pandemic risk.

Ensuring a Smooth Transition from LIBOR

LIBOR is used as a reference rate in an estimated \$200 trillion of financial contracts, including some \$1.3 trillion of commercial real estate loans. The Federal Reserve instructed banks to end the use of LIBOR in new contracts by the end of 2021. Roundtable-supported legislation was enacted in March 2022 and will protect trillions in tough-legacy contracts.

Reducing Regulatory Compliance Burdens

The SEC's proposed rules on "Private Fund Advisors" and "Form PF" would impose sweeping and complex changes to the regulation of private funds that will impact a broad range of real estate stakeholders. In addition, the SEC's recent proposed rule relating to Form PF would have significant implications by expanding investor reporting requirements.

The Roundtable continues to voice concern over the negative impacts that increased regulation can have on the real estate industry and economic activity writ large.

EB-5 Reform and Integrity Act

After years of negotiations, in March Congress passed the bipartisan *EB-5 Reform and Integrity Act* which reauthorizes the "regional center" program for five years. The new law includes long-overdue visa reforms to deter fraud in the program and safeguard national security. It also fairly balances inbound investment capital to support job-creating projects in rural areas, distressed urban areas, and downtown business districts. The U.S. Citizenship and Immigration Services (USCIS) should implement the new reforms swiftly. In this regard, USCIS should not require bona fide regional centers to submit to a lengthy "re-designation" process. Regional centers that "certify" under penalty of perjury that they satisfy the new law's requirements should be allowed to immediately attract new foreign investors for infrastructure and other projects.

Bridging the Housing Gap Through GSE Reform

A chronic shortage of housing in the U.S. is driving up housing prices and hurting the lower end of economic spectrum. Having a robust housing finance system is critical to expanding America's housing infrastructure. In order to increase housing supply, GSEs must provide support for mortgages to aid low-and moderate-income families for home ownership, rental housing, as well as underserved areas.

Homeland Security

Improving Resilience to Cyber and Physical Threats

The rising incidence of cyberattacks, organized looting, civil unrest, and a renewed threat of terrorism have prompted increased vigilance, information sharing, and legislative efforts to improve our nation's resilience. Through our Homeland Security Task Force and Real Estate Information Sharing and Analysis Center (RE-ISAC), the Roundtable remains focused on measures that businesses can take, such as creating resilient infrastructure that is resistant to physical damage and cyber breaches. In addition to working on implementation of the Corporate Transparency Act, the Roundtable is responding to SEC proposed rules that would require public companies to make prescribed cybersecurity disclosures.

