



The Real Estate  
Roundtable

# State of the Industry Meeting

Policy Toolkit: Executive Summary

January 2023

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. Attempts to include these provisions in recent tax reconciliation legislation were unsuccessful.

### 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 are facilitating a faster and smoother transition to the post-COVID-19 economy as many real estate assets are repurposed. No new restrictions on like-kind exchanges have been included in recent legislation.

### Reward Capital Formation and Investment

Maintaining a reduced tax rate on capital gains and carried interest 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. Proposals to increase taxes on capital gains and net investment income as well as changes to carried interest were excluded from the final text of the Inflation Reduction Act (IRA).

### 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. No new restrictions to the pass-through regime were included in recent tax reconciliation legislation.

### Expand Affordable Housing Through Tax Incentives and Property Conversions

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 two million additional affordable homes, support three million jobs, and generate \$119 billion in sustainable tax revenue. Congress should also consider new tax incentives to convert older, under-utilized buildings to housing and other more productive uses.

## Capital and Credit

### Insuring Pandemic Risk

Pandemic risk is perhaps the largest unhedged risk in the economy. Expanding coverage gaps present challenges for businesses across many industries and could stall economic growth. It is important to close these gaps and protect American jobs and to ensure a sustainable and speedy economic recovery from future pandemics and government-ordered shutdowns.

### Corporate Transparency Act

The Corporate Transparency Act of 2020 (CTA) requires certain corporations and limited liability companies (LLCs) to disclose information about their beneficial owners to the Treasury Department's Financial Crimes Enforcement Network (FinCEN). The Roundtable and its coalition partners have provided input to FinCEN on the measure. The Roundtable continues to work with policymakers in support of a balanced approach to the issue that would inhibit illicit money laundering activity without the imposition of additional and costly reporting requirements on non-bank businesses, especially those in the real estate industry.

### EB-5 Reform and Integrity Act

In March 2022, 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.

### Reducing Regulatory Compliance Burdens

The SEC's proposed rules on "Private Fund Advisers" and "Form PF" would impose sweeping and complex changes to the regulation of private funds, expand regulatory compliance obligations for investment advisers to private funds, and expand investor reporting requirements—impacting a broad range of real estate stakeholders. The Roundtable continues to voice concern over the negative impacts that increased regulation can have on real estate capital formation and economic activity.



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## Infrastructure

### Investing to Strengthen America's 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 across homes, businesses, and communities. The law leverages private sector investments in public infrastructure through Public-Private Partnership (P3) programs. The Biden administration has released an interactive, web-based map to show where IIJA funds are being disbursed on roads, bridges, transit, rail, broadband, and other projects across the nation.

## Housing

### Bridging the Housing Gap Through GSE Reform

The shortage of housing in the U.S. is driving up housing prices and hurting low-income families. A robust housing finance system is critical to expanding America's housing infrastructure. To increase housing supply, GSEs must provide support for mortgages to aid low- and moderate-income families—for home ownership and rental housing—as well as underserved areas.

## Energy and Climate

### SEC Proposed 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 submitted comments to the SEC in June that highlighted the impracticalities and shortfalls of mandating such requirements. A final climate risk reporting rule from the SEC has not yet been released.

### Inflation Reduction Act Clean Energy Tax Incentives

The Inflation Reduction Act (IRA) will invest almost \$370 billion over the next 10 years to tackle the climate crisis. A number of the IRA's proposed revisions to the federal tax code will be significant in helping the U.S. real estate sector reduce its carbon footprint. The incentives promote greater energy efficiency in buildings, deployment of on-site renewable energy generation and storage, and installation of EV charging stations. Entities (such as REITs) that historically might not have been able to take advantage of tax credits now have an option to monetize and transfer some of these incentives to non-related contractors and service providers.

## 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.

The Roundtable responded to SEC proposed rules that would require public companies to make prescribed cybersecurity disclosures, raising concerns around the rigid incident reporting requirements and deadlines, distressed urban areas, and downtown business districts.

### Cyber and Physical Threats: Continuity of the Economy Plan (COTE)

The Roundtable has been working with the Cybersecurity and Infrastructure Security Agency's National Risk Management Center to aid their efforts to develop a COTE plan to maintain and restore the U.S. economy in response to a significant event.

