



The Real Estate
Roundtable

Annual Roundtable Meeting

Policy Toolkit: Executive Summary

June 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 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.

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.

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 would provide the economy with the coverage it needs to protect American jobs in the face of future pandemic related shutdowns.

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.

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.

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.





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Corporate Transparency Act & KLEPTO Act

The Corporate Transparency Act of 2020 requires certain corporations to disclose information about their beneficial owners to the Treasury Department's Financial Crimes Enforcement Network. The *Kleptocrat Liability for Excessive Property Transactions and Ownership (KLEPTO) Act* would arm law enforcement with the information required to track down kleptocrats' luxury assets in the U.S. financial system. The Roundtable supports a balanced approach that would inhibit money laundering activity without the imposition of additional and costly reporting requirements.

SAFE Banking Act

The *Secure and Fair Enforcement (SAFE) Banking Act*, (H.R. 1996) would eliminate the need for CRBs to operate on a cash basis, bring them into the banking system, and allow them to obtain accounts and credit cards, and resolve the legal challenges of taking on CRB tenants.

National Flood Insurance Program

Reauthorization of the NFIP is important for residential markets, overall natural catastrophe insurance market capacity, and the broader economy.

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.

Housing

Bridging the Housing Gap Through GSE Reform

A 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, rental housing—as well as underserved areas.

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 nationwide network of electric-vehicle charging stations.

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 2022 that highlighted the impracticalities and shortfalls of mandating such requirements.

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.

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 is responding to SEC proposed rules that would require public companies to make prescribed cybersecurity disclosures.

SEC Proposed Cyber Reporting Rules

In comments on the proposed SEC rules, The Roundtable raised concerns about the detailed reporting that would be required, and the rigid incident reporting deadlines, which may unintentionally exacerbate cybersecurity risks for issuers and impose burdens unjustified by obvious benefits.



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