



The Real Estate  
Roundtable

# OCTOBER 2021 FALL ROUNDTABLE MEETING

## POLICY TOOLKIT EXECUTIVE SUMMARY

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

## Tax Policy

### 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 as many real estate assets are repurposed in the post-COVID-19 economy.

### Equitable Tax Treatment of Pass-Through Businesses

Closely held partnerships and pass-through businesses drive job growth and entrepreneurial activity; legislation should avoid major tax increases that disproportionately impact or discriminate against these entities; going forward, Congress should retain the 20% pass-through business income deduction.

### Avoid the Double Taxation of Real Estate Gains at Death

The tax code levies a tax on appreciated gains when an individual dies through the estate tax, and policymakers should avoid the unfair and unintended economic consequences that would result from imposing a second tax on unrealized gains at death.

### Encourage Investment and Job Creation with a Meaningful Capital Gains Incentive

Maintaining a reduced tax rate on capital gain 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.

### Reward Risk Taking and Reject Tax Changes that Limit Capital Gains Treatment to Invested Cash and Debt

Proposed carried interest legislation would harm small businesses and partnerships; stifle entrepreneurial risk taking and sweat equity; and threaten improvements and infrastructure in long-neglected neighborhoods most in need of investment.

## Housing and Infrastructure

### Investing to Modernize Physical Infrastructure

The Roundtable strongly backs the BID. The Biden Administration estimates it would create about 2 million jobs per year over the next decade. This long-term investment in physical infrastructure can re-imagine how we can productively move people, goods, power and information from home to work, business to business, community to community – and building to building.

### Bridging the Housing Gap Through GSE Reform

There is a chronic shortage of housing in the U.S. that is driving up housing prices and hurting the lower end of economic spectrum. Reform must appropriately balance taxpayer protections and establish an efficient marketplace with strong and sustained mortgage liquidity. As the gap between the number of lower-income renters and the supply of affordable units continues to grow, it is critical for the GSEs to provide support for mortgages to aid low and moderate income families.

## Climate and Energy

### Energy Policies in BID and Reconciliation Frameworks

Certain provisions in both the BID and the reconciliation bill can have a dramatic impact on the federal data that supports energy efficiency "building ratings," enforcement of building codes by local officials, and the supply of clean electricity to buildings.

### Flexible ESG Reporting Requirements

The SEC is moving toward corporate reporting rules on financial risks related to climate change. Variables such as available fuel supplies and the tenant/occupant mix in buildings affect how much energy an asset consumes. This favors a flexible approach to climate risk reporting, as opposed to "one-size-fits-all" rules.

### Clean Energy Tax Incentives

The Biden Administration has ambitious goals to combat the climate crisis, and these goals cannot be reached without the help of the U.S. CRE sector. The suite of clean energy tax incentives debated as part of the reconciliation process should be made fully accessible to real estate companies to accelerate progress toward national goals to cut GHG emissions and achieve 100% carbon-free electricity within the next decade.

## Homeland Security

### Improving Resilience to Cyber and Physical Threats

The rising incidence of cyberattacks, civil unrest and 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.

## 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 pandemic risk/business continuity insurance 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 Fed has warned banks that they must "completely end" the use of LIBOR in new contracts by Dec. 31. It is important to expedite this transition with federal legislation to ensure that market stability and liquidity will be preserved.

### Improving and Reauthorizing the NFIP

Floods are the most common, costliest natural peril in the U.S. The National Flood Insurance Program (NFIP) is currently operating under a temporary extension that will expire December 3, 2021. Reauthorizing the NFIP is important for residential markets, overall natural catastrophe insurance market capacity, and the economy.



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