



# The Real Estate Roundtable Policy Priorities

*Hot Button Items: April 2025*

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## Tariffs

The tariffs that have been implemented in recent days are very detrimental to the economy and extremely problematic for construction activities. Increased costs for imported building materials such as steel, glass, concrete, lumber have already been priced into construction projects. This will increase the cost of developing new housing and create additional supply problems. Inflation and slower national growth is widely predicted without adjustment in the current tariff policy.

## The Federal Tax Deduction for business property tax payments.

The long standing federal tax deduction allowed to businesses for their state and local income and property taxes should be preserved. Property tax payments are a necessary cost of doing business; they represent on average 40% of a building owners expenses and the current federal tax deduction is essential to properly measure the income of the building owners. Ending it would tax building owners on gross not net income; cause property values to fall; and, create trouble for lenders portfolios.

## Carried Interest

The carried interest tax law that applies to real estate should be preserved. Most commercial real estate in the US is owned through partnerships that range in size from two individuals to hundreds of people. They typically provide a “carried interest” to align the financial interests of general partners with those of limited partners, and to recognize the value that general partners add and substantial risks they take. After limited partners receive their agreed share of the capital gain, the general partner receives their share of the remaining profit. Re-characterizing this long term “carried interest” capital gain as ordinary income would penalize entrepreneurs, slow housing production, and reduce investment in long-neglected neighborhoods.

## Energy Star

The ENERGY STAR program must be preserved. It provides CRE’s standard tool to track and reduce building energy use—supporting lower utility bills, smart cap ex investments, and reduced regulatory red tape. More than 330,000 buildings—representing nearly 25% of U.S. commercial building floor space—utilized EPA’s Portfolio Manager software last year. The program helps reduce operating costs, ease grid strain, and boost building global competitiveness. Electricity savings supported by ENERGY STAR, combined with American-made energy of all types, are requisite to meet the massive demands for power we need to lead the world in AI innovation.

## GSE Reform

Fannie Mae and Freddie Mac provide substantial stability and liquidity to housing markets. If “privatization” of GSEs moves forward it must be done in a way that does not disrupt housing financing markets and increase interest rates for homebuyers and renters.

