

# AGENDA



Tuesday, May 15, 2018

## **CONGRESSIONAL ISSUES BRIEFING**

NAR Midyear Business Meetings  
Thurgood Marshall Ballroom West  
Marriott Wardman Park  
Washington, Dc  
10:30 am to 11:00 am

### **PRESIDING:**

Farrah Wilder

### **Staff:**

Matt Roberts, Federal Governmental Affairs Manager

**I. WELCOME** – Farrah Wilder

**II. PRESIDENT'S STATEMENT** – Steve White

**III. ISSUES**

#### *A. Tax Policy*

##### Talking Points

- REALTORS® need to remind Congress and their staff of the importance of a healthy real estate market and of homeownership and begin to look for opportunities to negate some of the provisions of the Tax Cuts and Jobs Act (tax reform bill) that were harmful to real estate and strengthen the real estate market as a whole.
  - Eliminate the marriage penalty on the SALT deduction by doubling the \$10,000 cap to \$20,000 for joint filers. This will both eliminate the marriage penalty and ease taxes on many of California's homeowners who were hurt by tax reform.
  - Congress should index the caps on SALT, mortgage interest deduction, and capital gains exclusion for a primary residence. Unindexed limits and thresholds in the tax law slowly but surely steal tax benefits from Americans by failing to keep them even with the effects of inflation.
  - Cosponsor H.R. 110, the Mortgage Debt Forgiveness Act, which would make permanent the protection against the taxing of mortgage debt forgiven in a short sale, deed-in-lieu, or a mortgage modification.
  - Extend the deduction for energy-efficient commercial buildings.

##### Background

- The Tax Cuts and Jobs Act, enacted in December of 2017 made significant changes to the treatment of residential real estate.
- As the law continues to be implemented, it is clear that Congress has more work to do to address significant tax law problems that unfairly inhibit current and prospective homeowners.
- The doubling of the SALT deduction for joint filers and indexing the caps of SALT, MID and the capital gains exclusion will go a long way towards protecting California taxpayers.

- Tax filers in 19 states claimed more on average than the \$10,000 cap, so this is not an issue affecting only a few high-tax or “blue” states.
- Unindexed tax provisions will lose 45 percent of their benefit over two decades. While two-decades may seem like a long time, it was three-decades between the ‘86 tax reform and the current one.

## *B. National Flood Insurance Program*

### Talking Points

- Thank the Congressmen that supported and passed H.R. 2874, The 21<sup>st</sup> Century Flood Reform Act that would comprehensively reform and reauthorize the National Flood Insurance Program (NFIP).
- Ask Senators:
  - To take up H.R. 2874 immediately to provide needed reforms and a long term reauthorization.
  - Amend the House Bill to require the NFIP to use modern mapping technology to produce building-specific risk assessments. Currently, homeowners bear the burden of amending the maps to remove low-risk buildings from the floodplain.
- While the House of Representatives has already passed a flood reform and extension bill the Senate has not yet taken any action, because of this Congress must act and at minimum pass a short-term extension before July 31, 2018, when the current NFIP authorization will lapse.
- If Congress allows the NFIP to lapse approximately 40,000 property sales a month will be impacted across the country.

### Background

- H.R. 2874 will:
  - Reauthorize the program for five years.
  - Promote private market options so consumers have choice and the government does not take on all the risk of flood catastrophes.
- REALTORS® believe the best way to keep rates down for consumers and risk down for the government is to provide funding for property owners to mitigate the risk of flood to their properties. The House bill would provide \$1 billion to strengthen properties against future flooding (such as raising a property).
- Some estimates are that mitigating, elevating or relocating high risk homes would save taxpayers \$6 for every \$1 spent. Currently, property owners cannot access mitigation grant dollars until after the property floods despite it being more cost effective to elevate or relocate beforehand.
- The NFIP is over \$25 billion in debt so reforms to the program are necessary.

## *C. Support Strong Net Neutrality Protections*

### Talking Points

- Congress must enact common-sense “rules of the road” that will ensure the internet is an open, competitive place for consumers and for businesses.
- Colorado Congressman Mike Coffman will be introducing the 21<sup>st</sup> Century Internet Act to ensure and protect net neutrality; REALTORS® are asking their members of Congress to support this bill when introduced.

### Background

- Net neutrality requires that broadband networks be free of restrictions on content, sites or platforms.
- Without net neutrality we could see:
  - The public’s access to real estate websites limited.

- The limiting of a real estate firm's access to customers of online service providers that may be in competition with network operators' own services, e.g., internet phone services.
- The charging of certain websites more for the broadband speeds necessary to property transmit or display audio or video content such as online property tour, podcast or phone services.
- Net neutrality protection is necessary for REALTORS® because home buyers and sellers are using the internet more and more to shop and market homes. A small brokerage should be able to provide a virtual open house, video tour and photo downloads at the same speed and quality as the largest brokerages or third-party content providers. Without net neutrality the large players can slow down the content of smaller businesses giving them a competitive advantage.
- Two bills have already been introduced that REALTORS® are opposing, H.R. 4682, the Open Internet Preservation Act and its companion bill S. 2510, also titled the Open Internet Preservation Act. REALTORS® do not believe these bills go far enough to protect consumers and businesses from paid prioritization.

#### *D. Equal Access to Housing Opportunities*

##### Talking Points

- Fair Housing
  - Ask your House of Representative Members to support H.R. 1447, the Fair and Equal Housing Act introduced by Representative Taylor (R-VA) and Schneider (D-IL) that will protect Americans from housing discrimination based on sexual orientation and gender identity.
  - Ask Senators to support S. 1328, the Senate companion bill to H.R. 1447.
- Condo Rules
  - Ask your member of Congress to urge HUD to implement changes to FHA's condominium rules mandated by the Housing Opportunity Through Modernization Act which was passed by Congress two-years ago.

##### Background

- Fair Housing
  - 2018 is the 50<sup>th</sup> anniversary of the Fair Housing Act,, which is critical to our ability as REALTORS® to service our clients, consumers and communities.
  - REALTORS® are committed to action and policies that support sustainable, inclusive communities without discrimination based on race, color, religion, sex, disability, familial status, sexual orientation, gender identity or national origin.
  - The LGBIQ Community continues to face discrimination in housing.
- Condo Rules
  - Condominiums are often a gateway to homeownership for many first-time homebuyers.
  - They are equally important for many seniors who are looking to downsize later in their life.
  - Since the FHA implemented its tighter condominium rules Homeowner Associations are choosing not to become FHA approved. This reduces the amount of inventory available for buyers whose only financing option is FHA.
  - Congress passed the Housing Opportunity Through Modernization act in 2016 with a provision requiring HUD to ease its condo requirements. HUD responded by publishing a proposed rule in October of 2016 but has taken NO action since then. The housing market needs a final rule from HUD.

**IV. MEETING LOGISTICS –DeAnn Kerr**

**V. NEW BUSINESS**

**VI. ADJOURNMENT**