

Tax Legislation

To meet the housing needs of the nation's 40 million renters, it is essential that we build housing at all price points and protect the industry's long-term viability. While we are at historic levels of apartment completions, they are a short-term fix for a long-term problem. According to [research conducted by Hoyt Advisory Services and Eigen10 Advisors, LLC](#), **the U.S. is facing a pressing need to build 4.3 million new apartment homes by 2035.**

To solve this challenge, Congress must prioritize increasing our nation's housing supply and supporting pro-housing policies that will in turn ensure greater housing stability and affordability. Tax policy plays a critical role in this regard. As Congress crafts legislation to extend or expand the 2017 *Tax Cuts & Jobs Act (TCJA)*, we urge lawmakers to:

- **PRESERVE** and make permanent critical provisions enacted as part of TCJA:
 - Reduced individual income tax rates;
 - 20-percent qualified business income deduction (Section 199A); and
 - Doubled estate-tax exemption.
- **ENACT** other tax incentives to boost housing supply, including those that would:
 - Expand and enhance the Low-Income Housing Tax Credit (LIHTC);
 - Support workforce housing;
 - Reinvigorate Opportunity Zones to promote the rehabilitation of existing properties; and
 - Encourage adaptive reuse of underutilized commercial properties into multifamily housing.
- **PROTECT** current tax law from proposals that would make it more costly to develop, preserve and operate housing units, including those that would:
 - Eliminate deferral of taxable gain from like-kind exchanges;
 - Tax carried interest as ordinary income;
 - Impose the net investment income tax on active income and/or increase the rate;
 - Recapture 100-percent of depreciation deductions as ordinary income for real estate; and
 - Restrict the deductibility of state and local taxes by pass-through entities.

A multi-faceted approach to improving housing affordability and increasing supply is our best course of action for meeting the nation's housing needs. The health and stability of the rental-housing sector is paramount to that of our overall economy. And, importantly, the sufficient supply of quality housing is necessary in ensuring continued economic prosperity and household stability. Tax policy plays a central role in achieving that goal.