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Smart Growth America and coalition of real estate developers call for reforms to federal real estate programs

Proposals could improve housing market and save the federal government an estimated \$33 billion annually

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WASHINGTON, DC – Congress could save taxpayers \$33 billion a year while broadening housing opportunities and revitalizing communities by reforming outmoded federal real estate programs, according to a new report from Smart Growth America and its coalition of real estate developers and investors, LOCUS.

Real estate programs cost the federal government an average of \$450 billion a year. From loan guarantees to commercial tax credits, these programs help families purchase their first home, help those most in need pay their rent and aid community redevelopment, along with many other things.

There are currently no overarching goals or guiding principles to advise these programs. Today's programs unfairly penalize families who can't afford or choose not to buy a home, favor single-family homes over other types and provide financial incentives to purchase second homes when many families still struggle to purchase their first, among other problems. Several policies are barriers to forces in today's marketplace and programs are failing to adequately support existing neighborhoods.

"Over half a dozen federal agencies are involved in the real estate market in the United States. There has never been a coordinated approach to this intervention – and that's hurting families, communities and taxpayers," said Geoff Anderson, President and CEO of Smart Growth America.

"We know that the U.S. real estate market is changing," said Chris Leinberger, President of LOCUS. "Americans increasingly want to live in walkable places - in center cities select suburbs, and small towns. The few federal programs designed to encourage that type of development are not effective enough. I've spoken with developers and investors from across the country about how federal policies impact the U.S. real estate market. Time after time I've heard that federal involvement is standing in the way of market trends. These programs clearly need to change."

"Real estate finance has been my primary focus for the past thirty years," said Frank Alexander, Sam Nunn Professor of Law at Emory University, "and in that time few – if any – organizations have called for a unified approach to real estate programs. Smart Growth America's call to coordinate these complex programs fills a void in today's policy debate."

"On the ground, I've passed over too many large-scale redevelopment that could have revitalized neighborhoods, created jobs, and preserved and created additional affordable housing options because of outdated patchwork for funding and approval on the federal level," said Richard Baron,

co-founder and CEO of McCormack Baron Salazar. “We need a new framework on how we finance development.”

To address these shortcomings, Smart Growth America and LOCUS have proposed a comprehensive set of seven recommendations designed to improve federal real estate programs. The recommendations include revisions to the National Flood Insurance Program; reforms to the Federal Housing Administration; eliminating or reducing tax breaks on private real estate; enhancements to the Low Income Housing Tax Credit; improvements to the Rehabilitation Tax Credit; the creation of individual mortgage savings accounts; and a new program to finance infrastructure rehabilitation.

Together these changes would help federal real estate programs better achieve their goals and better reflect current market, budget and economic realities. With Congress and the administration taking a fresh look at how the nation spends taxpayer money, now is the time for policymakers to strengthen federal real estate programs.

Learn more and read the full report at smartgrowthamerica.org/federal-real-estate.

Smart Growth America is the only national organization dedicated to researching, advocating for and leading coalitions to bring smart growth practices to more communities nationwide. From providing more sidewalks to ensuring more homes are built near public transportation or that productive farms remain a part of our communities, smart growth helps make sure people across the nation can live in great neighborhoods. For additional information visit www.smartgrowthamerica.org.

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