

The Biggest Political Victories and Threats to the Real Estate Market

Gerry Allen, Vice President, RPAC Fundraising and Campaign Services, NAR

“Purposeful storytelling isn’t show
business, it’s good business.”

Peter Guber, CEO of Mandalay Entertainment

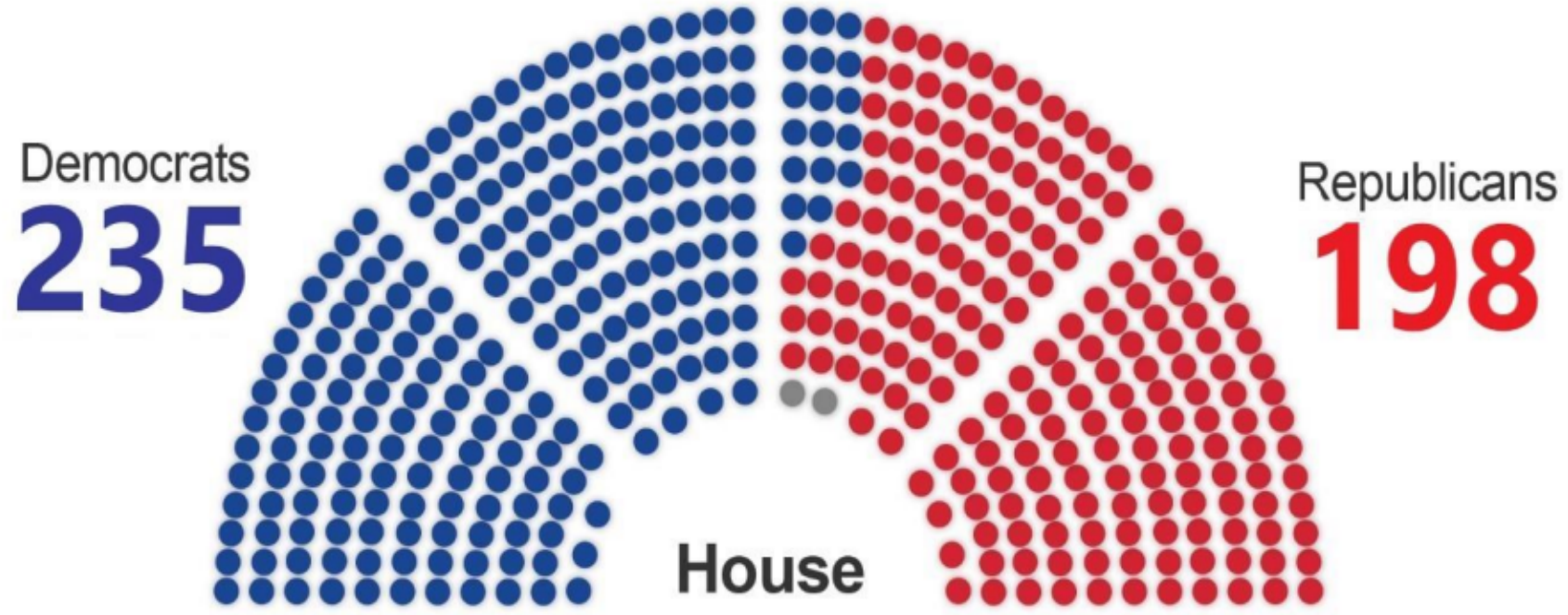
The Cast - Divided Government

U.S. House of Representatives

Balance of Power in the U.S. House, 116th Congress:

- 235 Democrats
- 198 Republicans
- 2 Vacant Seats*

*Notes: Vacancies are due to special elections being held for NC-03 and NC-09 on September 10, 2019

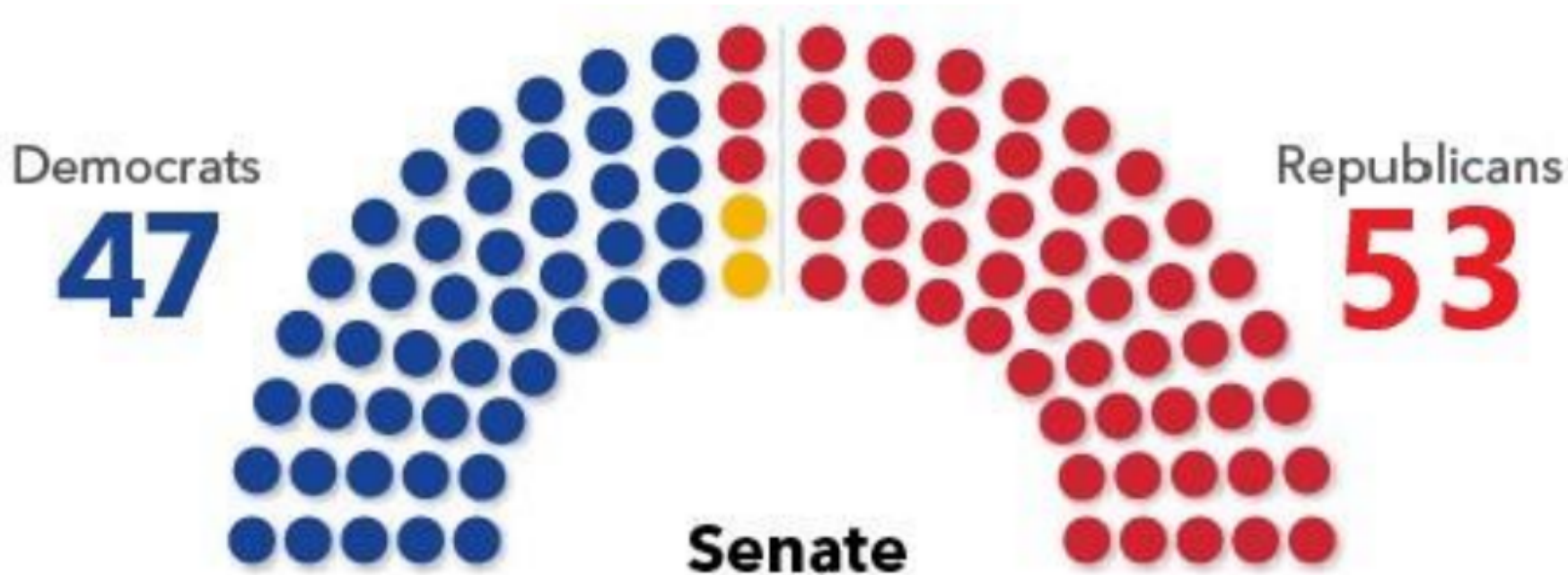


The Cast - Divided Government

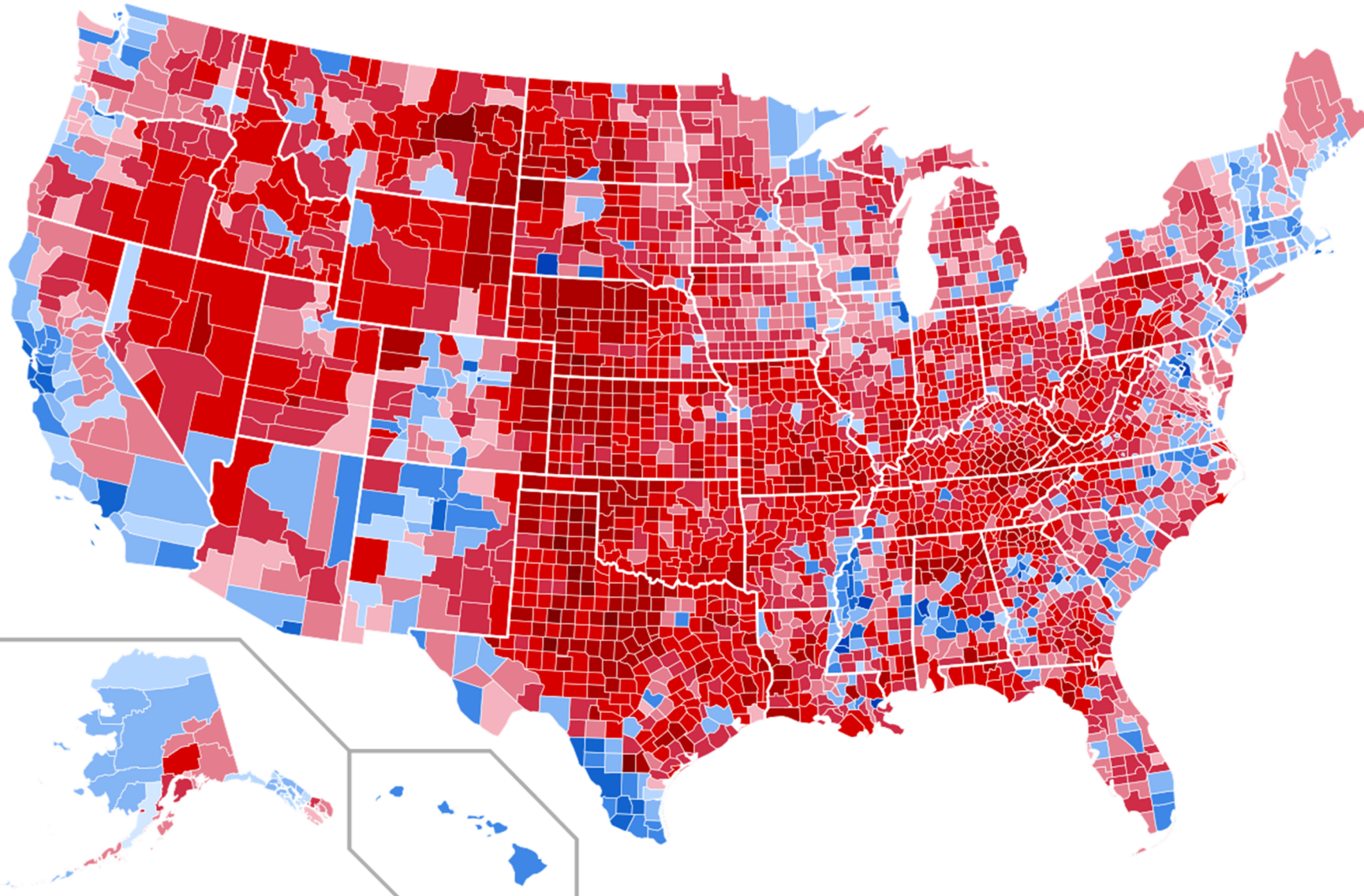
U.S. Senate

Balance of Power in the U.S. Senate, 116th Congress:

- 53 Republicans
- 45 Democrats
- 2 Independents (both caucus with the Democrats)



The Audience – A Divided Country (2016 Election)



- 84 % of the counties in the US voted for Trump
- Clinton won the popular vote by 2.87 million votes
- Rural vs. Urban
- Coastal vs. Central

Our Story - The Good News!!!

- Federal Tax
- Flood Insurance
- Opportunity Zones
- Association Health Plans



Federal Tax Success

Big win for brokers: IRS says certain real estate pros can qualify for tax deduction

New tax law wasn't clear on definition of brokerage services

By [Kathryn Brenzel](#) | September 12, 2018 05:00PM



- Agents and brokers who operate as sole proprietors or owners of partnerships, S corps or LLC's are eligible for the new deduction, which can be as high as 20 percent.
- Simplifies the process that owners of rental real estate property must follow to claim the new deduction.
- Changed a rule relating to the deductibility of Section 1031 exchanges.

National Flood Insurance Program (NFIP)

Democrats, Republicans vote unanimously to pass flood insurance reforms

NFIP 5-year extension skips divisive issues, requires modernization of the nation's flood maps

June 18, 2019 Kathleen Howley

KEYWORDS FEMA FLOOD INSURANCE FLOODING HOUSING MARKET NFIP REAL ESTATE



Related Articles

House passes bipartisan reform to encourage private flood insurance

Senate passes flood insurance reform at 11th hour

Congress passes two-week extension of National Flood Insurance Program



In a rare show of unity, Democrats and Republicans on the **Financial Services Committee** of the **U.S. House of Representatives** voted unanimously to pass a five-year extension to the National Flood Insurance Program that includes a mandate to improve the nation's flood maps

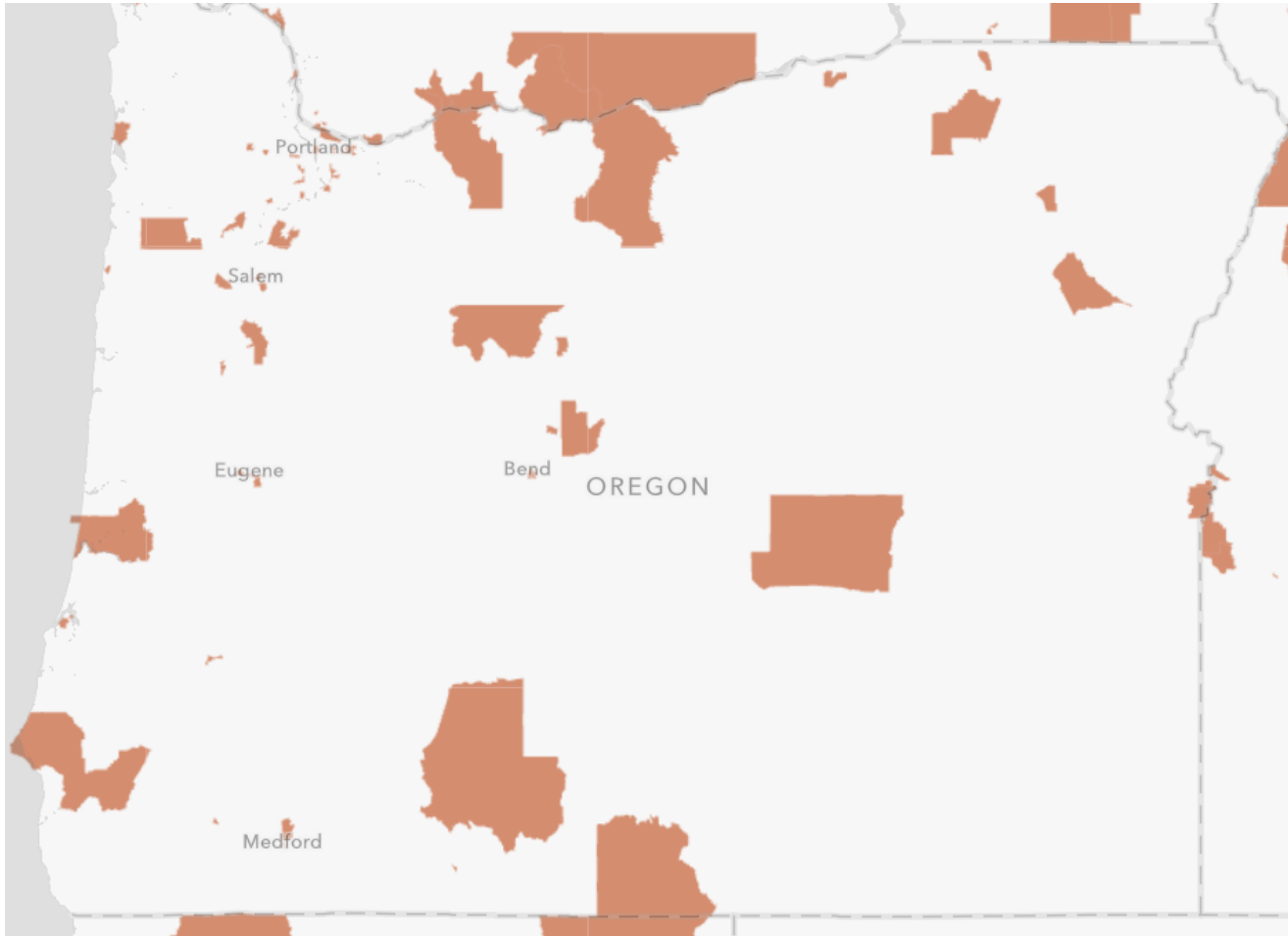
- Two years – 12 short term extensions and 2 brief lapses.
- June 6 – NFIP extended to September 30, 2019
- June 12 - House Financial Services Committee approves HR 3167 59-0
 - 5 Year reauthorization
 - Strengthens flood mapping
 - Removes barriers to private flood insurance.
- Next Step – U.S. House of Representatives

Opportunity Zones



- Created In 2017
- Encourages economic growth with tax incentives in designated “zones”.
- Multiple benefits available including
 - Deferral of capital gains (through 2026)
 - Hold for 5 years – Deferral, +10% “step up”.
 - Hold for 7 years – Deferral, + 15% “step up.”
 - Hold for 10 years – 0% capital gains
- Details remain to be worked out.
- Final rules expected by the end of 2019.

Opportunity Zones – Oregon Numbers



- 86 Total Opportunity Zones
- 406,000 Zone residents
- 554,000 Zone jobs
- 39,000 Zone businesses
- 69% Metro/31% Non-Metro
- Cities with zone concentrations:
 - Portland (11 tracts)
 - Gresham (5 tracts)
 - Eugene (4 tracts)
- <http://www.oregon4biz.com/Opportunity-Zones/>

NAR Opportunity Zone Community Planning Grant

<https://realtorparty.realtor/community-outreach/community-planning-grant>

OPPORTUNITY ZONES

- Supporting association efforts to make the most of Opportunity Zones.
- Up to \$5,000 per grant.
- Supported items:
 - Speakers
 - Tours within zones
- Grants initially offered to Commercial Overlay boards and associations.
- 30 grants – Deadline September 9, 2019

Association Health Plans



ARTICLE TAGS

HEALTH CARE

SUB-TOPIC

Health Care: Insurance

JUDGE RULES AGAINST ASSOCIATION HEALTH PLANS

MAY 24, 2019

A federal judge struck down the U.S. Department of Labor's (DOL) 2018 rule that loosened regulations on association health plans (AHP), temporary group health insurance plans for small businesses and associations, which are not subject to the same require

The DOL rule expanded eligibility for small employers and other groups such as trade associations, to offer AHPs to employees and members.

In *State of New York v. U.S. Department of Labor*, U.S. District Judge John Bates ruled the DOL rule violates the 1974 Employee Retirement Income Security Act (ERISA) definition of an "employer."

- Rules finalized in June 2018
- Expanded the definition of "employer" to include "working owners".
- 12 state AG's filed suit challenging the rule.
- Federal Court rules in favor of the states (March 28).
- DOL appeal (May).
- NAR files amicus brief.

Association Health Plans Toolkit

<https://www.nar.realtor/health-care-reform/association-health-plans-toolkit>



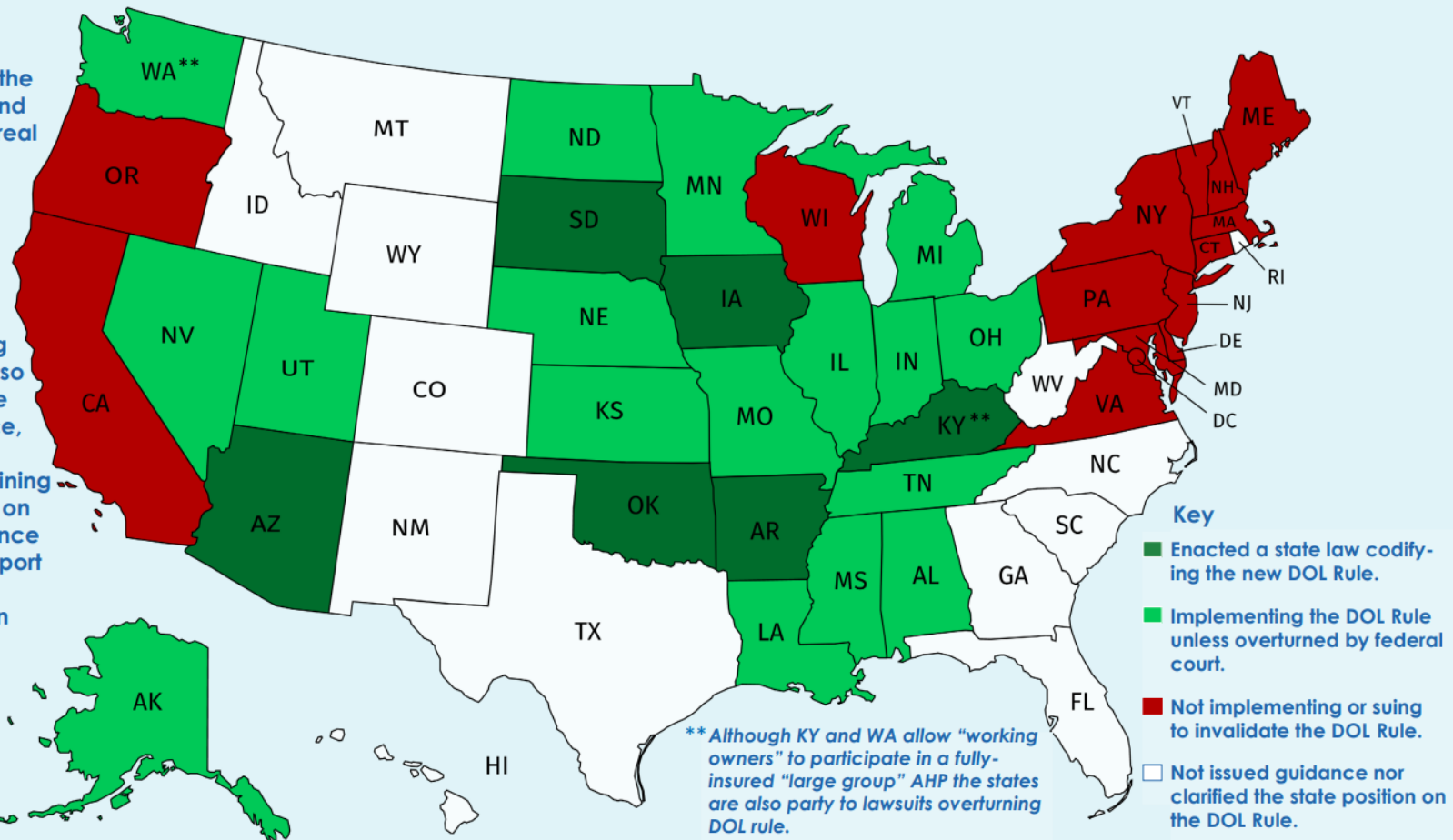
AHPs State by State (as of May 13, 2019)

Created with mapchart.net ©

On June 21, 2018, the U.S. Department of Labor (DOL) issued a new rule opening the door for small businesses and sole proprietors (including real estate professionals) to participate in Association Health Plans (AHPs).

This map depicts which states have enacted legislation, issued guidance or accepted AHPs conforming with the new DOL Rule. It also indicates which states have conflicting laws or guidance, or are part of the lawsuit to overturn the rule. The remaining states continue to be silent on the issue, not issuing guidance or otherwise indicating support for the DOL rule. For more information, please click on these links to learn about:

- [DOL's new AHP rule](#)
- [NAR State AHP Tracker](#)
- [Lawsuit brought by a dozen state attorneys general against DOL's rule](#)



The Next Chapters...

- Housing Affordability
- Zoning
- Climate Change
- Infrastructure



Housing Affordability

Forbes

Billionaires

Innovation

Leadership

Money

Consumer

Industry

America's Housing Affordability Crisis Only Getting Worse



Brenda Richardson Contributor

Real Estate

I cover residential real estate, including buying, selling and trends.

f

t

in



NATIONAL
ASSOCIATION of
REALTORS®


BROKER'S
EDGE

Housing Affordability – Ideas under consideration



Contact | Mailing List   



Search 

[ABOUT](#) [RESEARCH](#) [CALENDAR](#) [STUDENTS](#) [NEWS & MEDIA](#) [BLOG](#)



ALEXANDER VON HOFFMAN

Senior Research Fellow

Alexander von Hoffman is a Senior Research Fellow and a Lecturer in the Urban Planning and Design department at the Harvard Graduate School of Design...

[READ BIO](#)

BEING CREATIVE IN THE PURSUIT OF AFFORDABLE HOUSING

Thursday, June 13, 2019 | [Alexander von Hoffman](#)

Observing how creative practitioners have addressed the knotty problems involved in providing good homes to people who otherwise could not afford them is one of the great pleasures I get from my work as a student of low-income housing.

I discuss five of these efforts in *Innovative Strategies for Affordable Housing*, a new report assessing the work done by the many nonprofit entities that have received grants from the JPMorgan Chase & Co. program **Partnerships for Raising Opportunities in Neighborhoods** (PRO Neighborhoods) over the last five years. The five collaborations of nonprofit organizations highlighted in the report not only operate in different parts of the country but also have built, renovated, and/or preserved many different types of dwellings, including subsidized and privately owned rental units, houses for purchase, and manufactured housing.

Interestingly, instead of relying primarily on federal government programs, leaders of these diverse

- Rehab of abandoned properties into 1-4 unit multi-family projects.
- Creation of community land trusts.
- Assisting owners of manufactured housing purchase their land.
- Directing private capital into affordable housing projects with community organizations.
- Easing regulation for the creation of accessory dwelling units (ADUs)




Zoning Changes to Promote Affordable Housing

SEARCH

The New York Times

 **TheUpshot**

FOLLOW US:   
GET THE UPSHOT IN YOUR INBOX

Cities Start to Question an American Ideal: A House With a Yard on Every Lot

By EMILY BADGER and QUOCTRUNG BUI JUNE 18, 2019

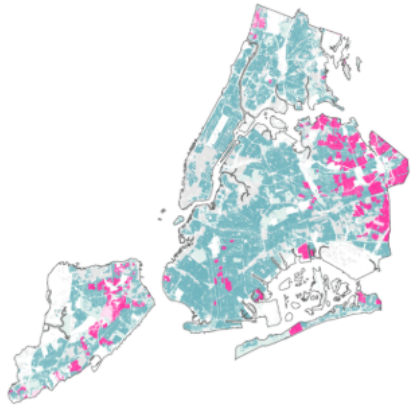
Townhomes, duplexes and apartments are effectively banned in many neighborhoods. Now some communities regret it.

 NATIONAL
ASSOCIATION of
REALTORS®

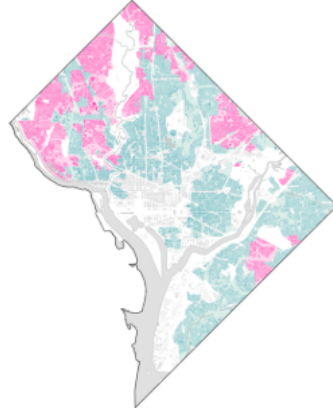
BROKER'S
EDGE 

Zoning Changes to Promote Affordable Housing

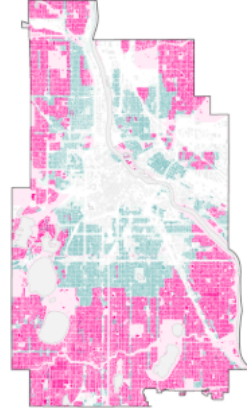
Residential land zoned for: ■ detached single-family homes ■ other housing



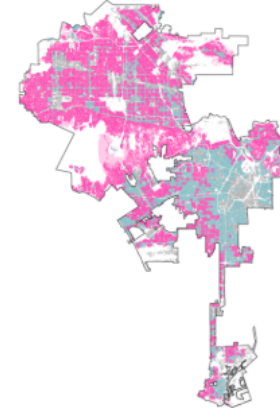
New York **15%**



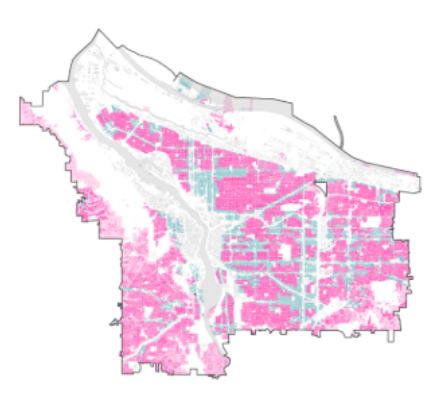
Washington **36%**



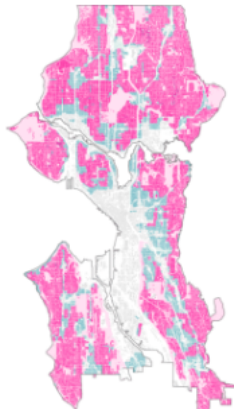
Minneapolis **70%**



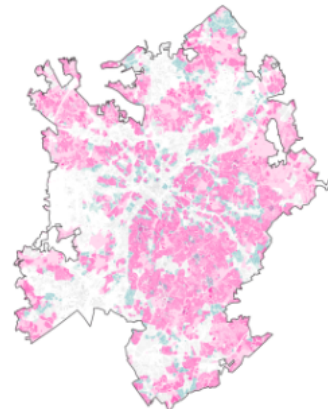
Los Angeles **75%**



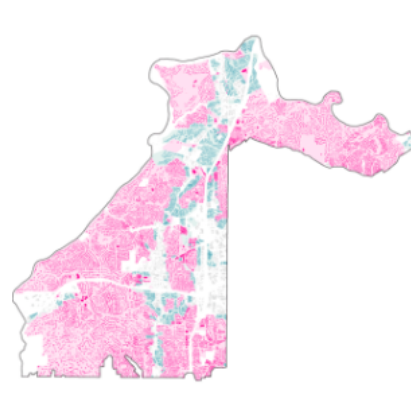
Portland, Ore. **77%**



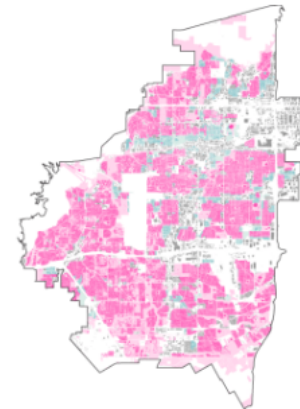
Seattle **81%**



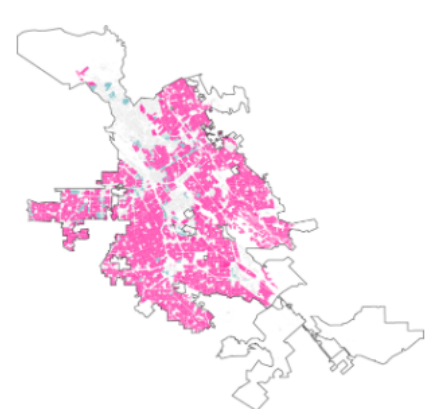
Charlotte, N.C. **84%**



Sandy Springs, Ga. **85%**



Arlington, Tex. **89%**

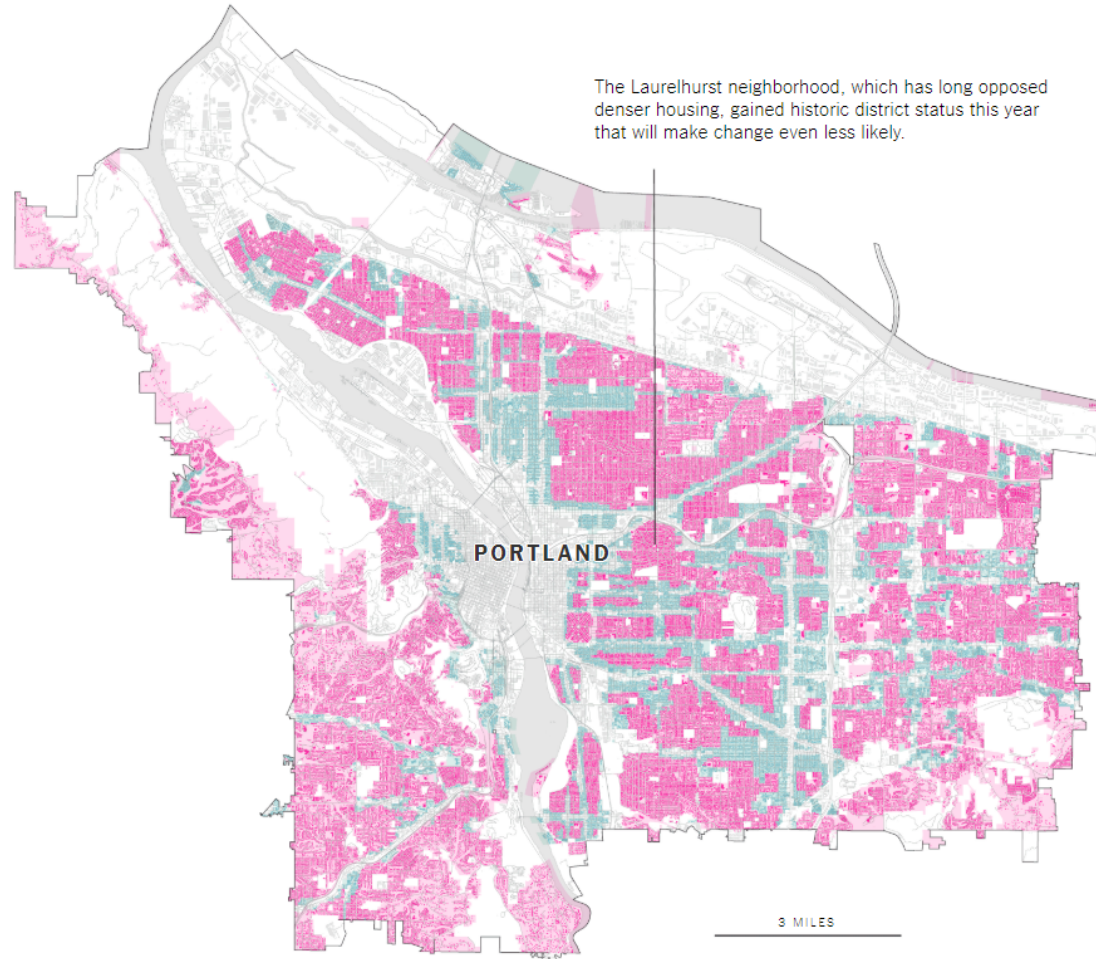


San Jose, Calif. **94%**

Zoning Changes to Promote Affordable Housing

Portland, Ore.

77% of residential land is zoned for detached single-family homes



Note: Duplexes are allowed on corner lots in single-family zones.

Climate Change and Housing Policy

The New York Times

Opinion

Why Housing Policy Is Climate Policy

In California, where home prices are pushing people farther from their jobs, rising traffic is creating more pollution.

By **Scott Wiener and Daniel Kammen**

Senator Wiener is the chairman of the California Senate's Housing Committee. Dr. Kammen is a professor of energy at the University of California, Berkeley.

March 25, 2019



- Mandated energy audits
- Clean Water Act
- Endangered Species Act
- State Transactional Tax issues

Climate Change and Housing Policy

Gov. Charlie Baker pushes for real estate transfer tax hike for climate change, but mum on affordable housing

Updated Jun 19, 2019; Posted Jun 19, 2019



Massachusetts Gov. Charlie Baker

Infrastructure



Infrastructure package should address housing for neediest Americans

BY DIANE YENTEL, OPINION CONTRIBUTOR — 05/14/19 03:30 PM EDT

THE VIEWS EXPRESSED BY CONTRIBUTORS ARE THEIR OWN AND NOT THE VIEW OF THE HILL

Finishing the Story – What's next?

- “Call-for-action”
- Keep your eyes open!
- Tell and share your stories and your clients stories!!!



Telling our story...



“How well we tell our story—from the conference rooms in our offices to the halls of Congress—will play a huge role in the future of our businesses and our associations—at all levels.”

John Smaby, 2019 NAR President

Thank you!!!

gallen@realtors.org or 202-383-1109



- www.nar.realtor and www.realtorparty.realtor



- @NARRealtorParty



- @NARRealtorParty