Presentation for the Resort and Second Home Committee Webinar

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Presentation Topics

1. Government Affairs and Advocacy: An Important Member Benefit

2. Legislative and Regulatory Issues Affecting the Resort and 2nd Home Real Estate Sector
NAR Government Affairs: Important Member Benefit

• Lobbyists, Research, Legislative and Regulatory Analysts

• RPAC- Largest in the Country

• Land Use Initiative
Legislative and Regulatory Issues

- IRS 20% Pass Through Proposed Rule
- Condo Financing Challenges
- National Flood Insurance Program
- H-2B Visa Program
- Property Insurance
- Waters of the US (WOTUS)
The IRS released its proposed guidance on the new 20 percent business income deduction. The deduction passed as part of the Tax Cuts and Jobs Act. Under this deduction, a wide range of real estate professionals, including those who are self-employed and those operating through partnerships, LLCs and S corporations, can take 20 percent off the top of any income received through pass-through businesses. Qualifying annual income should not exceed $157,000 for those filing individually, or $315,000 for married couples. Talk to your tax advisor - The calculation will depend on how your business is structured. Other limits could also come into play, but this is very favorable as a small business or independent contractor.
Condo Financing Reform

- Stricter lending standards include owner occupancy, pre-loan sales, condo commercial space. Impacts projects nationwide, especially resort areas.
- HR 3700 passed Congress to resolve these issues:
  - Reduces the FHA condo owner occupancy ratio to 35%
  - Directs FHA to streamline the condo re-cert process
  - Provides more flexibility for mixed use buildings
- HUD released a proposed condo rule that includes positive changes, like a return of spot loans and an extension of the certification period, but also includes a proposal to set owner-occupancy rate requirements within a range of 25 percent to 75 percent
- NAR is pushing HUD to finalize the rule
National Flood Insurance Program

- NFIP expires in Nov. 2018
- $24 billion in debt
- Extended due to massive Realtor grassroots effort
- Discussions already underway to reauthorize
- Encourage private flood insurance, mitigation, resiliency
H-2B Visa Program

• Not an immigration program, but is caught up in the broader immigration debate
• Many undocumented immigrants are the result of various visa program overstays
• Resort Areas Need These Seasonal Workers for Operations/maintenance
• Workers Allowed Only After Employers Try to Fill Jobs W/Americans
• Coordination with DHS, other federal agencies
• H-2B reform bills have been introduced
• After addressing illegal immigration, focus may turn to Visa programs
Affordable and Available Property Insurance

- Property insurance premiums have increased in many areas

- Availability has decreased – Insurers are pulling out of markets, increasing premiums and not renewing policies

- These circumstances impact housing affordability – especially in resort areas

- Hard hit areas include those impacted by hurricanes, earthquakes and wildfires
Resolving the Problem

- Combine Wind/Flood Ins.
- Federal guarantees
- Tax Credit
- Blue Ribbon Commission
Waters of the U.S.

- CWA Regulates “Navigable" waters – EPA/Corps wanted to regulate more waters
  - Included More Waters under the CWA
  - Rule was finalized – Never Implemented
  - Rule Was Stayed by the Courts
  - Executive Order Rescinds and Replaces
  - EPA is On-Track to Repeal and Replace
QUESTIONS?