

“Protect the Lease” Campaign on Tax Reform

Backgrounder for Apartment Association Executives-July 2017

NAA’s Request to Affiliates

On July 26, reports indicated that a framework for a unified legislative product could appear before the August Congressional recess, which is an accelerated timeline. We believe that we must continue to broadcast the industry’s priorities now, before legislation emerges and we may find we have little time to react. We would therefore request that affiliates inform their membership of the campaign and invite their members to visit the campaign site (www.ProtectTheLease.com) and to take action by sending a message to Congress using the tools on the site. Affiliates and their members who have social media accounts (Twitter, Facebook, LinkedIn) should also feel free to use those platforms to share the campaign.

Context:

When Donald Trump won the Presidency, the Republican Party found itself in control of Congress and the White House for the first time in decades. Long-held Republican policy goals like repealing the Affordable Care Act and tax reform went from hypothetical to probable. The multifamily industry recalls the last major tax reform package in 1986, and the devastating impact the law had on commercial real estate. The goal of NAA’s advocacy on tax reform is to make sure the industry is not harmed like it was in 1986. In late 2016, therefore, NAA leadership began discussing an industry wide advocacy campaign in the likely event that tax reform emerged as a legislative priority. After BOD/AOD approval at 2017 CapCon, NAA staff began an RFP process. Story Partners, a firm with a long history in grassroots advocacy, was selected and began work in late March.

On May 22, NAA launched the “Protect the Lease” grassroots campaign. There are two important aspects to note about the campaign name and identity. First, this is not branded as an NAA or NMHC initiative. The name is deliberately thematic and not tied to a specific organization, so that anyone in the industry who cares about the issue feels like they have a platform to share their concerns with Congress, regardless of whether they are a member of NAA or NMHC. Second, the decision to use the word “lease” in the title is based upon this industry wide perspective; we needed a ubiquitous term that anyone in the industry would immediately recognize and want to know more about. We realize that has caused some confusion with the NAA Lease Program, but the Lease Program is fine.

Where Things Stand, Summer 2017

While tax reform has been identified as a priority by the Administration and GOP leadership, no legislation has been drafted. Difficulties on health care, draft a fiscal 2018 budget resolution and possibly extend the national debt limit have all been obstacles to proceeding with tax reform. The only document that exists is the House GOP “Blueprint” for tax reform, a white paper written last summer. Several aspects of that document, including the Border Adjustment Tax (BAT), have dominated the early discussion and debate. To achieve broad tax reductions, the Blueprint proposes to raise revenue by eliminating several items that concern multifamily. Therefore, the campaign is currently driven by the need to protect several tools that have allowed the industry to grow and prosper:

- Protect Flow-Through Entities.
- Retain the Deduction for Business Interest.
- Maintain Like-Kind Exchanges.
- Protect the Low-Income Housing Tax Credit.

If and when specific legislation is written, NAA will evaluate it in its entirety to see how it would affect the industry as a whole, and make specific recommendations at that time. Until then, we want to continue sending messages on our priorities (18,000 messages to Congress as of July 26).