

## 2016 NMHC and NAA Policy Priorities

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- Low-Income Housing Tax Credit

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## Tax Policy

### TAX REFORM

**Why It Matters:** Tax reform has the potential to significantly impact all facets of the multifamily industry because the owners, operators and developers of multifamily housing pay taxes when they build, operate, sell or transfer communities to their heirs.

**What We Are Doing:** Engaging with policymakers to protect the multifamily industry's tax reform priorities in any possible tax reform legislation. These include: protecting flow-through industries; maintaining the current-law tax treatment of carried interest; defending like-kind exchanges; retaining the deduction for business interest; ensuring depreciation rules avoid harming real estate; and preserving the Low-Income Housing Tax Credit.

To support our advocacy, we are also working with our industry partners to commission key studies on the vital role that like-kind exchanges and economically viable depreciation schedules play in developing and maintaining commercial real estate.

### FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA)

**Why It Matters:** FIRPTA imposes income tax on foreign persons disposing of U.S. real property interests that is not charged on a foreign person disposing of other U.S. assets such as stocks and bonds. As a result, it prevents commercial real estate from securing a key source of private-sector capital for developing, upgrading and refinancing properties. As part of tax legislation enacted in late 2015, Congress reduced FIRPTA's negative impact on U.S. real estate investment by increasing from 5 to 10 percent the ownership stake that a foreign investor may take in a U.S. publicly traded REIT without triggering FIRPTA. Congress also removed a tax penalty FIRPTA imposed on foreign pension funds investing in U.S. real estate. While these provisions represent real progress, repealing FIRPTA or enacting additional reforms could unlock billions in foreign capital that could help to refinance real estate loans and drive new investment.

**What We Are Doing:** Calling on Congress to either repeal FIRPTA or enact additional reforms to FIRPTA to promote foreign investment in the U.S. multifamily industry and meet the growing demand for rental housing.

### LOW-INCOME HOUSING TAX CREDIT (LIHTC)

**Why It Matters:** LIHTC is the only federal program that helps subsidize the production of privately operated affordable housing. It has financed nearly 2.8 million units since its inception in 1986. While it generally operates effectively, additional resources could spur added construction of units.

**What We Are Doing:** Urging lawmakers to resist calls to eliminate the LIHTC in any effort to reform the nation's tax code. We are also seeking program improvements. These include providing additional program resources and allowing "income averaging" to make the program more flexible and allow for more mixed-income housing.



## Finance and Capital Markets

### HOUSING FINANCE REFORM

**Why It Matters:** Getting multifamily right in housing finance reform is the single most important factor to ensuring that the apartment industry can meet the nation's growing rental housing demand.

**What We Are Doing:** Working closely with lawmakers to ensure that housing reform legislation recognizes the unique characteristics of the multifamily industry and retains a federal backstop to ensure reliable and affordable access to capital in all markets at all times. Because of our efforts, Members of Congress have come to understand that any credible housing finance reform effort must have dedicated consideration for the multifamily industry.

### BANK CAPITAL STANDARDS: DODD-FRANK AND BASEL III

**Why It Matters:** Federal regulators have produced a number of regulations and standards recently and are considering more that could potentially constrain capital flows to the sector. Among those are updated Dodd-Frank risk-retention rules and Basel III capital standards, both of which impact how financial institutions must treat the multifamily debt they hold and originate. Basel III began phasing in for larger banks in 2014 and will begin for the broader lending community in January 2015. Basel III rules regarding Net Stable Funding positions and rules regarding Fundamental Review of Trading Book will be issued in 2016. In addition, regulators are proposing Dodd-Frank risk-retention rules impacting securitization are scheduled for implementation on December 31, 2016.

**What We Are Doing:** Monitoring the rulemaking process by regulators to keep members apprised of coming changes. We are also communicating concerns to Congress and the Administration in order to educate them on the potentially negative consequences of misapplied regulations, including punitive increases in cost for multifamily debt.

### SECURITY TRADING PRACTICES

**Why It Matters:** Regulators announced a proposed rule that will impact lenders and borrowers who participate in the multifamily market and may result in an increase in operational and borrowing costs. Specifically, the proposal will influence how mortgage backed securities, supported by Fannie Mae multifamily or Ginnie Mae multifamily project loans, are issued and settled. The proposal would require the establishment of a risk management process called margining between the seller and buyer of the security.

**What We Are Doing:** We are actively working with regulators to educate them on the risk management and trading practices already in place in the multifamily industry. We have worked closely with other industry members to voice our concern and opposition to the implementation of this costly rule.

### HIGH VOLATILITY COMMERCIAL REAL ESTATE LOANS

**Why It Matters:** Bank regulators have produced a number of regulations and standards recently and are considering more that could potentially constrain capital flows to the sector. Basel III capital standards for acquisition, development and construction loans went into effect on January 1, 2015. The regulations were unclear in many areas and the regulators issued guidelines in an FAQ in April 2015. There are still a number of critical areas left unaddressed that can potentially constrain or raise the cost of these loans. In addition, this set of rules applies to every bank, no matter the size, which could have a far reaching impact.



**What We Are Doing:** Working with a number of industry groups to seek better clarity on interpretation of the rules and provide rational relief to several of the provisions within the rules that constrain the capital contribution from borrowers. We are communicating our concerns to Congress and the regulators who issued the rule.

## **WORKFORCE HOUSING**

**Why It Matters:** America is facing significant rental affordability challenges. Rental demand is growing, supply is limited and resident incomes have been stagnant while housing costs have risen. Roughly 54 percent of apartment households spend more than 30 percent of their incomes on housing and 30 percent spend more than 50 percent, according to the most recent data from the American Housing Survey. State and federal collaborations, and partnerships between the public and private sectors, are critical to addressing this issue.

**What We Are Doing:** We are vocal participants in the discussion and aim to help policymakers develop effective solutions that will preserve programs that work, stem the loss of additional housing stock and promote the development of new units.

## **FOREIGN CAPITAL INVESTMENT (EB-5)**

**Why It Matters:** Foreign investment is an important, and growing, source of capital for the multifamily industry. The strong current and historic performance of multifamily real estate attracts interest from a variety of international capital sources, but opportunities exist for policymakers to further enable investment from abroad. One mechanism through which the apartment industry attracts foreign capital is the EB-5 Investor Visa Program. The program provides visas to foreign investors in exchange for investments in American real estate projects, which eventually create jobs. Multifamily projects have attracted significant equity through the EB-5 Program in recent years, including an estimated \$68 million last year from China alone.

**What We Are Doing:** Working to remove barriers and further encourage foreign capital participation through a long term reauthorization of the EB-5 Investor Visa Program, retaining essential elements of the program and promoting multifamily investment.

## **HUD MULTIFAMILY PROGRAMS**

**Why It Matters:** The Federal Housing Administration's (FHA) multifamily programs traditionally account for approximately 10 percent of the total outstanding multifamily mortgage debt and are a material and important source of capital for underserved segments of the rental market. Importantly, because of appropriate risk-based premiums and strong underwriting, the multifamily programs are able to operate as self-funded, fully covered lines of business at HUD. In past years, however, they have been hampered by artificial constraints on the volumes of mortgages they can insure. In addition, HUD has undertaken a multi-year effort to streamline and consolidate its multifamily field offices. These field offices provide mortgage insurance to HUD-approved lenders nationwide, facilitate multifamily housing projects and administer rental assistance programs.



**What We Are Doing:** Educating policymakers about the different performance histories of FHA’s multifamily and single-family programs to retain FHA as a reliable source of capital for the apartment sector. Continuing in-depth discussions with the offices of the HUD Secretary and the FHA Commissioner to limit the potential adverse impact of the reorganization on multifamily borrowers. NMHC/NAA have also worked with HUD and Congress to lift the multifamily lending authority for FHA to levels more reflective of market demand. In addition, we have worked with FHA during their MAP Guide update to ensure changes benefit the borrowers and improve program execution.

## **Business and Property Operations**

### **DATA SECURITY AND BREACH NOTIFICATION**

**Why It Matters:** Apartment companies and other consumer facing entities are increasingly targets of cyber-criminals because of the treasure trove of personal and financial information they possess. Multifamily firms and their third party service providers collect and maintain sensitive personally identifiable information. This includes Social Security numbers and the financial details of residents, prospective residents and employees that is valuable to data thieves and those wishing to do harm to a company’s reputation and financial standing. Federal lawmakers are working to enhance existing data privacy and security laws. They are considering the creation of a national data security standard and data breach notification requirements to replace the current patchwork of privacy and data breach laws in 47 states and the District of Columbia.

**What We Are Doing:** Supporting efforts by Congress and the Administration to implement mechanisms for the private sector and Federal Government to share information about possible cyber threats and intrusions. Advocating for reasonable data security standards and data breach notification requirements for multifamily firms while protecting consumers, our networks and our industry.

### **MUSIC LICENSING**

**Why It Matters:** Performing Rights Organizations administer and enforce copyrights on behalf of copyright owners. Some claim that apartment communities may be obligated to obtain a public performance license for certain uses of copyrighted music.

**What We Are Doing:** Seeking potential opportunities to clarify music licensing requirements for apartment firms as Congress and the Administration evaluate music copyright laws.

### **TELECOMMUNICATIONS**

**Why It Matters:** The multifamily industry increasingly relies on web-based platforms and mobile connectivity for property operations, as well as corporate functions from marketing to revenue management and leasing to maintenance. Inadequate, unreliable service significantly impacts residents and may involve costly technical solutions. The Federal Communications Commission and Congress are considering a range of regulatory and legislative issues that could impact apartment operations and residents. This includes a potential rewrite of the nation’s primary telecommunications law governing video, telephone and broadband, cellular service, net neutrality, provider consolidation, emergency communication standards, and more.



**What We Are Doing:** Educating policymakers about the growing need for reliable telecom and cable service for apartment operations and resident satisfaction. This is in addition to the industry’s interest in policies affecting broadband deployment and solutions for connectivity and capacity challenges.

## **PATENT REFORM**

**Why It Matters:** Multifamily companies and service providers have been targeted by abusive “patent trolls” who threaten legal action and demand fees without evidence supporting their claims. Targeted firms are forced to pay licensing fees or defend against illegitimate patent infringement claims for using common technology products. This includes resident-facing programs for marketing, payments, maintenance requests and other property-level communications, as well as off-the-shelf products like on-site security systems. There is strong bipartisan support in Congress to curb the problem. Proposed legislation would require greater detail in demand letters and legal filings, and stronger litigation standards. However, disagreement remains over several aspects of the issue as lawmakers try to address abuse and protect incentives for innovation.

**What We Are Doing:** Urging Congress to pass legislation that would bring greater transparency and efficiency to patent regulation and enforcement, and create disincentives to fraud and abuse. NMHC/NAA have joined with other real estate and business groups in asking lawmakers to address predatory demand letters, patent trolls and improve the patent litigation system.

## **U.S. POSTAL SERVICE REFORM**

**Why It Matters:** U.S. Postal Service (USPS) policies impact the security and convenience of mail and package delivery to multifamily communities, as well as safety and efficiency for residents and employees. Congress is expected to consider significant postal reform measures that would affect mail and package delivery that could impact both existing and future apartment communities. Some proposed cost-cutting measures would mandate centralized delivery locations for both new and existing addresses. This would dramatically reduce the number of USPS delivery points including “to the door” delivery.

**What We Are Doing:** Educating congressional decision-makers and regulators about the practical implications of legislative or regulatory changes to USPS mail delivery policy for apartment communities and our residents.

## **FLOOD INSURANCE AND MITIGATION**

**Why It Matters:** The National Flood Insurance Program (NFIP) was reauthorized by Congress in 2012. The reauthorization included many reforms to the program to ensure its long term solvency. Of particular note was a provision that allows for higher coverage limits available to multifamily buildings covered under NFIP policies. The maximum NFIP policy coverage limit available for multifamily buildings increased from \$250,000 to \$500,000 per building. This increase is very positive for borrowers because it will be easier to comply with industry flood insurance requirements when securing project financing. Additionally, FEMA established advisory guidelines for property owners that cannot take traditional mitigation steps like changes to building elevation. This was in an effort to assist multifamily property owners in reducing their flood insurance premiums and mitigate against future flood risk.



**What We Are Doing:** Monitoring the operations of the NFIP to ensure the program remains viable and affordable for the multifamily industry over the long-term. We are also working with Congress and FEMA to ensure further actuarial work is done that would provide property owners with greater clarity and increased insurance savings for taking sensible steps to mitigate against flood risk. In addition, we are working with FEMA and HUD on a proposed regulation by the Obama Administration to establish a Federal Flood Risk Management Standard. This could impact the development of new multifamily projects in a federally designated floodplain when using federally backed or insured financing programs such as FHA multifamily loans.

### **HOME SHARING SERVICES (Airbnb, VRBO, HomeAway)**

**Why It Matters:** The multifamily industry is increasingly dealing with the implications, both positive and negative, of peer-to-peer home sharing services like Airbnb, VRBO and HomeAway. While these services are increasingly popular with consumers, some of the potential issues at hand include tenant lease violations, on-site security concerns and questions around liability and property insurance. While there are unanswered questions for our industry, and our economy as a whole, the “sharing economy” is booming. With such incredible growth, Congressional and federal oversight is likely to increase.

**What We Are Doing:** Congress and several federal agencies have begun to examine the impact of Airbnb, Uber and other companies considered part of the “sharing economy.” Both the Federal Trade Commission and the House have held hearings on the topic and this oversight is not expected to ease. We will continue to monitor the issue for developments that could impact the apartment industry from a legal or regulatory perspective.

## **Housing Policy**

### **FAIR HOUSING AND DISPARATE IMPACT**

**Why It Matters:** Recent increases in regulatory and legal action related to disparate impact theory creates new uncertainty about the lawfulness of otherwise legitimate apartment operation and development practices like resident screening and use of tax credits. Absent limitations, housing providers can face increased allegations of Fair Housing violations.

**What We Are Doing:** Seeking certainty and/or clarification of HUD enforcement practices in light of regulatory efforts, including HUD’s 2013 disparate impact rule, and the U.S. Supreme Court’s decision in *Texas Department of Housing and Community Affairs v. Inclusive Communities Project*.

While the High Court upheld the validity of disparate impact liability under the Fair Housing Act in its final ruling on June 2015, the ruling offers some limitations on the theory that may prove helpful to businesses facing these types of actions. Nearly 500 participants tuned-in for the NMHC/NAA sponsored webinar in July 2015 on this decision and its potential impact on the industry. We continue to follow this issue closely and explore both legislative and legal remedies to help apartment firms avoid disparate impact claims.



## **SECTION 8 RENTAL ASSISTANCE**

**Why It Matters:** The Section 8 program is plagued by inefficiencies that make it more expensive to rent to a Section 8 renter than a market-rate renter. At the same time, a growing number of jurisdictions are trying to enact “source of income” fair housing protections that effectively make the program mandatory.

**What We Are Doing:** We are working to prevent potential rental payment losses by intervening when related budget cuts are proposed. We are also seeking reforms to modernize and streamline the program to better attract private sector participation and encourage new opportunities for private industry engagement in affordable housing through programs like the Rental Assistance Demonstration. In addition, we are working to reaffirm the voluntary intent and design of HUD’s affordable housing programs by Congress and HUD.

We helped enact related legislation signed into law by President Obama in December 2015 that significantly reduces Section 8 Housing Choice Voucher program administrative burdens. Specifically, the legislation reduces administrative burdens by allowing for the recertification of incomes every three years, instead of annually, for residents on fixed incomes. We also continue to actively promote future reforms to the program regarding property inspections, tenant screening and reliable funding to avoid payment interruptions for property owners. In addition, we are supportive of extending the contract term for project-based vouchers from 15 to 20 years.

## **ADA AND FAIR HOUSING ACCESSIBILITY**

**Why it Matters:** Housing providers have responsibilities under both the Americans with Disabilities Act (ADA) and Fair Housing Act (FHA) to ensure that their communities are accessible to people with disabilities, including the inclusion of specific building design features. However, the complex and sometimes conflicting nature of guidance, building codes and statutory language have led to varying interpretations of compliance with the Acts. Litigation related to allegations of non-compliance poses significant costs, operational barriers and other challenges for apartment firms.

**What We Are Doing:** In the last several Congresses, we have supported legislation to stem the growing trend of ADA compliance complaints dubbed “drive by” lawsuits. These complaints often result from tester visits to a business for the express purpose of finding violations and filing suit. Plaintiffs then typically demand settlement money in lieu of filing a lawsuit. We are supporting legislation introduced this Congress that provides a business owner with the opportunity to cure an alleged ADA deficiency prior to the initiation of a lawsuit, which would disincentivize complaints motivated purely for financial gain.

## **RENTAL ASSISTANCE DEMONSTRATION**

**Why it Matters:** The Rental Assistance Demonstration, or RAD, is an affordable housing preservation strategy for public housing authorities, allowing for the conversion of public housing properties at risk of obsolescence or underfunding into project-based vouchers or rental assistance contracts under the Section 8 program. This conversion provides opportunities for private sector participation through the redevelopment, management and financing of the converted properties.

**What We Are Doing:** The RAD program was initially approved to convert 60,000 units to affordable housing in 2011. We worked with Congress and HUD to expand the program in 2014 to 185,000 units, and will explore opportunities for further expansion to meet the substantial demand for affordable housing preservation.





## **FAIR MARKET RENTS (FMRs) AND SMALL AREA FAIR MARKET RENTS (SAFMRs)**

**Why it Matters:** The Section 8 Housing Choice Voucher Program provides subsidized rents for qualifying low-income families. The program uses HUD-determined FMRs to establish maximum allowable rents the government will pay to a private apartment owner who rents to a family with a Section 8 voucher. HUD's current method for establishing FMRs and determining housing assistance payments is a proven, efficient system.

**What We Are Doing:** We are concerned with HUD's action to move to a SAFMRs system, which establishes rent rates by ZIP Code. The SAFMR system remains unvetted, less flexible and less reflective of housing providers' needs for participation in assisted housing programs.

## **U.S. CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY**

**Why It Matters:** The U.S. Census Bureau's American Committee Survey (ACS) provides Congress, state and local governments, businesses and non-profits with the objective, reliable data they need to invest wisely, stimulate economic and job growth, and meet the needs of vulnerable populations, such as veterans, people with disabilities, older Americans and low income households. Funding of the ACS, as well as its mandatory nature, is regularly in jeopardy when budgets are discussed. The ACS is important to the multifamily industry because it helps in estimating the economic impact of apartments and provides the latest relevant data.

**What We Are Doing:** We are continuing to urge lawmakers to fund ACS, along with testing for the 2020 survey. We co-sponsored a congressional staff briefing where various economists and researchers highlighted concerns about potential funding short falls. In addition, we previously submitted numerous letters with a broad coalition to the full Congress expressing our concern over the proposed deep cuts in the most recent budget cycle.

## **BASIC ALLOWANCE FOR HOUSING (BAH)**

**Why It Matters:** One million service members rely on their BAH to pay their housing expenses. The BAH is also key to the viability of the Department of Defense's Military Housing Privatization Initiative (MHPI), which the multifamily industry has participated in for nearly 20 years. Military compensation and benefits reform efforts have looked at significantly reducing the BAH, and how it is allocated, to help balance the military's budget. Reducing military housing benefits limits housing options for military families and can undermine apartment investments in and around military installations.

**What We Are Doing:** Working to ensure that the success of the MHPI, and the private rental markets around military housing installations, are not jeopardized through reductions to the BAH or any other proposals that envision long-term changes to military housing benefits. We have advocated against changes to the BAH in the annual defense authorization and spending bills and successfully held back an aggressive reduction included in the Senate's authorization bill. Instead, Congress moved forward with just a one percent reduction this year, allowing for continued advocacy on the success of the program.



## Energy and Environment

### ENERGY POLICY

**Why It Matters:** Energy efficient multifamily buildings reduce utility consumption costs for apartment owners and residents and further the goal of national energy independence. Although the industry has embraced energy efficient design and operations, certain impractical energy performance standards negatively impact housing affordability. Existing incentives are also insufficient to fully support efforts to improve the efficiency of the nation’s existing housing stock. In addition, apartment firms now benefit from a new ENERGY STAR rating for multifamily, which we helped develop and launch. However, they are blocked from participating in the program because they cannot get whole property energy consumption data from the utilities.

**What We Are Doing:** Pushing back on burdensome energy code mandates, promoting building energy research and working to help property owners access their energy consumption data. We are also lobbying for energy efficiency tax measures that encourage energy efficient rehabilitation of existing properties. In addition, we continue to work with HUD, EPA and the Department of Energy to expand opportunities that will assist property owners in improving building energy performance. We continue to focus on growing the ENERGY STAR rating for multifamily.

### CLEAN WATER ACT

**Why It Matters:** The Environmental Protection Agency (EPA) and Army Corps of Engineers (Corps) have issued a rule intended to clarify the scope of the waters regulated under the federal Clean Water Act. This far-reaching “Waters of the U.S.” rule would significantly increase the costs and time associated with permitting requirements, provide greater opportunities for citizen lawsuits and essentially federalize local land use planning.

**What We Are Doing:** Pursuing an aggressive advocacy strategy before Congress, the Administration and with state and local policymakers on the impact of the overly broad approach outlined by federal regulators in the rule. The final rule is now under review by the courts. These challenges will shape the implementation of the rule. We will continue to work with federal regulators and Congress to clarify implementation issues under the Clean Water Act.

### LEAD-BASED PAINT

**Why It Matters:** In 1993, Congress directed EPA to determine whether there were lead hazards existing in public and commercial properties and, if so, to develop a regulation to protect the public health. Despite the passage of time, EPA has failed to conduct any targeted research on this matter, but has proposed a rule to expand lead-based paint regulations that apply to certain residential properties to public and commercial buildings. Pre-1978 residential properties have been guided by a number of disclosure and mitigation regulations for more than 20 years. The EPA proposal would require apartments built after 1978 to comply with lead-based paint regulations even though EPA has failed to demonstrate that these properties contain lead paint or pose a lead-hazard. Moreover, the Occupational Safety and Health Administration’s Lead in Construction Standard applies to the disturbance of lead on all properties – regardless of the age of or type of the building.

**What We Are Doing:** We have filed numerous comments on the regulatory proposal with EPA, including a technical appraisal of EPA's theoretical model of lead exposure during renovation and repairs on public and commercial properties. We have worked with the Small Business Administration to ensure representation of the multifamily industry on regulatory review panels. We have also raised concerns about the flawed regulatory process with the White House Office of Management and Budget. EPA is on track to issue a final rule in 2017. In the meantime, we will review the hazard finding and continue to advocate for a risk-based, cost effective regulation. We also continue to advocate for streamlining the requirements for recertification of workers on residential properties that are subject to regulation.

## Employment and Immigration

### CRIMINAL BACKGROUND CHECKS

**Why It Matters:** The multifamily industry depends on professional staff who routinely enter apartment homes, handle confidential information and carry out financial transactions. Multifamily owners and operators need the ability to check criminal backgrounds to help protect the safety and security of residents and staff and to reduce the risk of violence, theft and fraud. The use of criminal background checks has come under increased scrutiny by some members of Congress and the Equal Employment Opportunity Commission (EEOC). However, EEOC's strengthened enforcement policy has been challenged by other members of Congress and judges.

**What We Are Doing:** Working as part of a coalition to educate decision makers about the importance of criminal background checks in creating safe housing for the nation's 38 million renters.

### NLRB JOINT EMPLOYER RULING

**Why It Matters:** Joint employers occur when the supervision of an employee's activity is shared between two or more businesses. In its August 2015 Browning-Ferris Industries ruling, the National Labor Relations Board (NLRB) ruled that it could impose joint employer liability when an entity has "indirect" control and "unexercised potential" of control over another entity's employees. However, for 30 years before this ruling entities were designated joint employers when both had "direct and immediate" control over "essential terms and conditions of employment." This could have a significant impact on multifamily firms who may become liable for the actions of subcontractors, suppliers, vendors and temporary staff. Joint employers are also required to negotiate with any union representing the jointly employed workers.

**What We Are Doing:** Working as part of a coalition to support congressional efforts to mandate that the NLRB revert to the joint employer standard that was in effect prior to the Browning-Ferris Industries ruling.



## **LABOR DEPARTMENT OVERTIME RULE**

**Why It Matters:** In June 2015, the Department of Labor proposed to increase the salary threshold for white collar workers who are entitled to overtime pay protections under the Fair Labor Standards Act (FLSA). Multifamily and other industry workers would be impacted because overtime pay would be determined based only on falling below the threshold. Specifically, under this proposal, the salary threshold for executive, administrative and professional employees' overtime pay would be raised in 2016 from \$455 a week (\$23,660 a year) to a projected level of \$970 a week (\$50,440 a year). Among other issues, the multifamily industry is concerned the proposed rule would harm the ability of employers to implement, and employees to take advantage of, flexible scheduling options. The rule could also result in employees being treated differently due to regional cost-of-living differences. In addition, it could limit career advancement opportunities for employees.

**What We Are Doing:** Working as part of a coalition to support efforts to urge reconsideration of the proposed rule. A final rule is expected in July 2016.

## **IMMIGRATION REFORM**

**Why It Matters:** One in five renter households is headed by an immigrant, and immigrants include 22 percent of the construction workforce, making reform a critical issue for the multifamily industry. Pressure is mounting for Congress to enact comprehensive reform. In the absence of congressional action, state and local governments have approved numerous immigration related measures, creating a burdensome patchwork of compliance obligations for apartment companies. Rental apartment firms are particularly concerned about those laws that would hold them responsible for the immigration status of apartment residents and impose various additional employment-related mandates beyond federal requirements.

**What We Are Doing:** Working closely with policymakers to improve temporary worker visa programs, including the H2-B Visa Program. We are also empowering employers, creating legal safe harbors through the E-Verify Employee Verification Program, and promoting new sources of investment capital through the EB-5 Immigrant Investor Program.

## **Construction and Development**

### **BUILDING CODES**

**Why It Matters:** Cost-effective building codes and standards that promote building safety and efficiency benefit multifamily owners, operators and residents. Burdensome code requirements discourage multifamily development, increase construction costs and negatively impact housing affordability. The International Code Council is beginning work now on the 2018 model building codes, which will affect many areas of concern to apartment properties, including fire safety requirements, energy efficiency measures, accessibility and green building requirements. Special emphasis is being placed on fires in apartments, both existing and new, because of the recent fires that have gotten special attention.



**What We Are Doing:** Serving as members of the code and standard development committees, collaborating with the development bodies to craft code proposals, representing the multifamily sector at code hearings, developing code commentary, and serving as a resource for the code- and standard-making organizations. In response to the fire issues, we are working with members and code organizations to better understand the issues and to be better prepared with information and possible proposals to limit fires in apartments, as well as to respond to the discussions that will come forward during the upcoming code hearings.

## **SUSTAINABILITY**

**Why It Matters:** Apartment properties face significant challenges as federal, state and local governments undertake sustainability initiatives and look to incorporate green building and building performance mandates into building codes and federal program requirements. These efforts must address the specific needs of multifamily occupancies, including the continued affordability and availability of new apartment homes.

**What We Are Doing:** Developing robust tools to help building owners and managers improve the environmental performance of the nation's housing stock. Where building codes, federal initiatives and other sustainability efforts seek to establish performance benchmarks for apartment properties, we advocate for the use of the National Green Building Standard.

## **LAND USE**

**Why It Matters:** Changing demographics, employment patterns and lifestyle preferences are challenging the sprawling, low-density development patterns of the past 50 years. Understanding that existing growth models are unsustainable, new efforts to promote infill, mixed-use and transit-oriented development that features apartment communities are being considered.

**What We Are Doing:** Promoting land use policies that recognize the benefits of apartments, including compact development and efficiency.

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