

2009 IREM AND CCIM INSTITUTE CAPITOL HILL VISIT DAY A SUCCESS

On April 22, over 275 commercial real estate professionals, including 250 IREM Members, gathered in Washington, D.C., to participate in the 12th annual Capitol Hill Visit Day. Members representing 40 states and the District of Columbia held more than 200 meetings with their U.S. Senators, Congressmen and staffs to voice their concerns on commercial mortgage market liquidity, energy-efficient buildings, and taxes. Highlights included:

COMMERCIAL MARKET LIQUIDITY: IREM and CCIM Institute members urged Congress and the federal government to provide favorable relief to the commercial real estate industry through the availability of small business loans, short-term loans for capital improvements and refinancing for mortgages. Members asked their legislators to: 1) expand the financing of Term Asset-Backed Securities Loan Facility (TALF) loans to a 5-year term, 2) support new Federal Accounting Standards Board guidance on mark-to-market accounting of assets in an illiquid market, and 3) hold a hearing on the state of the commercial real estate market.

ENERGY-EFFICIENT BUILDINGS: IREM strongly supports positive incentives for energy conservation activities and voluntary programs for energy conservation. IREM and CCIM Institute asked Congress to support legislation that provides incentives for energy retrofits for buildings. Additionally, members urged their legislators to oppose any proposals that mandate building labeling and to oppose involving federal agencies in the development of building codes.



[TOP] IREM AND CCIM INSTITUTE MEMBERS FROM KENTUCKY MEET WITH SENATE MINORITY LEADER MITCH MCCONNELL. PICTURED FROM LEFT TO RIGHT: LARRY HOUSMAN, CCIM; NICK SCHWENDEMAN, CPM®; SENATOR MCCONNELL; CHERIE HONIGBERG, CPM; AND HARRY KNIGHT, CCIM.

[BOTTOM] PICTURED FROM LEFT TO RIGHT: JERRY MOYER, CPM; CONGRESSWOMAN CANDICE MILLER; KARLYNNE TUCKER-SCAGGS, CPM; AND JOE THOMAS, CPM.

TAXES—CARRIED INTEREST: IREM and CCIM Institute oppose any proposal that would eliminate capital gains treatment for any carried interest of a real estate partnership. Members asked their legislators to oppose H.R. 1935 by Representative Sander Levin, which would treat carried interest as ordinary income, and to support an amendment to exempt real estate partnerships from this tax treatment.

Hill Visit Issue Update: Federal Reserve Expands TALF Loans

On May 1, 2009, the Federal Reserve Board announced that, starting in June, commercial mortgage-backed securities (CMBS) will be eligible collateral under the Term Asset-Backed Securities Loan Facility (TALF). The board also authorized TALF loans with maturities of five years. Adjusting the financing term will both accommodate the longer-term nature of commercial real estate lending while also serving to attract investors to the program. During the Capitol Hill Visits in April, IREM and CCIM Institute members lobbied Congress to encourage federal regulators to adjust the financing terms of TALF loans.

IREM ADOPTS NEW STATEMENTS OF POLICY ON THE EMPLOYEE FREE CHOICE ACT AND TENANT PROTECTION IN PROPERTY FORECLOSURES

IREM recently approved two new statements of policy in response to legislation currently being considered by Congress that would impact the commercial real estate industry: the Employee Free Choice Act and Multi-Family Housing Foreclosures.

Employee Free Choice Act

The Employee Free Choice Act, also known as “check card” legislation, would fundamentally change the process for union elections and the collective bargaining process, making it easier for labor unions to organize employees into unions. As proposed, the Employee Free Choice Act would require the National Labor Relations Board (NLRB) to certify union representation when a majority of employees sign a card favoring a union. The NLRB would not be required to conduct a private election. The bill also would impose a strict 90-day time limit for reaching an initial collective bargaining agreement. Additionally, if an agreement is not met during this time, either party can request mediation from the Federal Mediation and Conciliation Service (FMCS). Following mediation, the legislation permits the FMCS to impose a 2-year binding contract on employers and employees. Neither party may appeal.

IREM urges Congress to oppose the Employee Free Choice Act. IREM supports the right of employees to choose whether to be represented by a labor union through a federally supervised private election. A secret ballot election ensures that employees are protected from coercion and intimidation.

Tenant Protection in Property Foreclosures

Legislation has been introduced to protect tenants and ensure they are not evicted without notice in the case of a property foreclo-

sure. As home foreclosures continue to grow, tenants are being evicted from their rental homes, often with no advance notice of the action. Specifically, the legislation requires the “immediate successor in interest” of a foreclosed property to provide the tenant with at least 90 days notice before requiring the tenant to vacate the property. In addition, the bills require that the tenant may stay beyond the 90-day notice period to the end of the lease term if the “successor in interest” does not intend to reside in the property as a principal residence. This legislation would preempt state and local laws, unless existing law was more protective to tenants.

IREM believes notifying tenants of displacement is important and supports requirements that banks and lending institutions be required to notify tenants of a pending foreclosure on the property. IREM also supports allowing tenants to remain in the property through the end of the lease, assuming the subsequent owner does not intend to use the property as a principal residence and the tenant is in compliance with all lease requirements.

The legislation also provides similar protection to the recipients of the Housing Choice voucher (formerly known as the Section 8 voucher) during property foreclosure. The legislation would require that the “immediate successor in interest” of a foreclosed property be subject to the pre-existing lease and Housing Assistance Payment (HAP) contracts for Housing Choice voucher tenants. IREM supports the protection of Housing Choice voucher tenants. Additionally, IREM would oppose a requirement that subsequent owners of rental property be subject to a HAP contract (and the requirements attendant to that contract) without disclosure of such a contract prior to sale of the property to a subsequent owner. ■

STAY INFORMED ON CURRENT ISSUES WITH THE STATE LEGISLATIVE DATABASE
IREM tracks bills in all 50 states and encourages you to be proactive by challenging proposed legislation that would have a negative effect on your business. The IREM State Legislative Database is a members-only service that provides comprehensive reporting on proposed legislation. The State Legislative Database allows you to easily search for legislation by state and/or topic. In addition, you will have access to information about the bill including the legislative history, bill text and committee reports. To access the database, go to www.irem.org. Scan over the “Public Policy” icon on the tool bar, and then scroll down and click on “State Legislative Database.”