



## **Rebuild and Renew:** *The AIA's Blueprint for Long-Term Prosperity*

As the global financial crisis continues to threaten the livelihood of American businesses and workers, the American Institute of Architects (AIA) urges Congress to enact policies that will revive our economy and build the foundation for long-term economic growth. The design and construction industry is the linchpin of our economy, accounting for one in ten dollars of gross domestic product and millions of well-paying jobs. While the American Recovery and Reinvestment Act (ARRA) included many much-needed investments in our infrastructure, more needs to be done to free up credit and empower the business community to lead the recovery.

America's architects believe that this crisis presents an opportunity not only to build, but to build *better*—greener buildings, vibrant communities, and a 21<sup>st</sup> century transportation network that is good for both the environment and the economy. In order to allow our nation's architects to rebuild and renew America, the AIA urges Congress to act now on these key initiatives.

### **Make Financing Available for Design and Construction Projects**

*The AIA joins with the nation's business community to urge Congress to take immediate action to unfreeze credit markets and get design and construction projects moving again.*

#### **Extend the Term Asset Backed Securities Loan Facility (TALF) through 2010.**

Congress should extend TALF, which is scheduled to expire in December 2009, for at least one more year. This will promote design and construction activity by allowing the time needed for commercial mortgage-backed securities to assemble TALF-eligible transactions.

#### **Allow Public Private Investment Programs to Finance Sound Construction Projects.**

Congress should expand the Public Private Investment Program's (PIIP) authority to provide for funding of new commercial real estate loans for worthy, solidly underwritten projects that will create jobs and revitalize communities.

#### **Eliminate Disincentives on Global Investments in U.S. Commercial Real Estate.**

In order to stimulate new investments in commercial real estate, Congress should amend the Foreign Investment in Real Property Tax Act to eliminate provisions that punish global investments in U.S. commercial real estate compared to the tax treatment of other forms of international investments in the U.S.

#### **Encourage the Use of SBA Lending Authority to Help Small Owners Address Equity Issues.**

Many small businesses and homeowners who otherwise would be able to take out loans for design and construction projects are unable to because lenders have tightened equity requirements. The SBA can help increase the number of job-creating projects – helping both small owners and small design and construction firms – by providing loans to homeowners and small business owners to improve their equity position.

## **Provide Relief to Small Businesses**

*Small businesses are the backbone of our economy, and they are the first to suffer in an economic crisis. Congress needs to clear away barriers that prevent the smallest entrepreneurs from creating jobs and wealth.*

### **Allow Sole Practitioners to Claim the Deduction for Qualified Architectural and Engineering Firms.**

In 2004 Congress created a new tax deduction (Sec. 199) that allows architects and engineering firms deduct up to 9 percent of their qualified receipts. However, due to an unfair and inconsistent limitation within the code, some of the smallest design firms in the country – sole practitioners - are not allowed to claim this deduction. Congress should amend Sec. 199 to allow these firms to claim this deduction

### **Streamline Onerous Recovery Act Paperwork and Reporting Burdens on Small Businesses.**

Congress should analyze and streamline paperwork and reporting requirements in the American Recovery and Reinvestment Act (ARRA) that, while well-intentioned, have created undue burdens on small businesses and have potentially exposed some small businesses to additional legal liability.

### **Reform Retainage Rules on Architects and Engineers.**

Congress and the administration should reform federal procurement regulations that allow agencies to withhold up to 10 percent of an architect's or engineer's fees until the end of a design project. This retainage places an unnecessary burden on small design firms trying to take part in the federal procurement process.

### **Repeal the Three-Percent Withholding Requirement.**

Starting in 2012, federal, state and most local government agencies are required to levy a three-percent withholding on all government contracts, grants and other payments, coming into effect around the time that many economists believe that the economy will begin to recover. Congress delayed the withholding for a year as part of ARRA. They should now eliminate it completely.

### **Extend COBRA Benefits.**

The Recovery Act provided a 65 percent subsidy for COBRA continuation premiums for up to nine months. Congress should extend this program to ensure that people who have lost their jobs can access affordable health insurance.

### **Hire Underemployed and Unemployed Design and Construction Professionals to Help Speed Recovery Act Implementation.**

Despite the best efforts of many agencies, billions of dollars of Recovery Act funding has not been obligated because of the sheer size of the program. Worsening the problem is the fact that many agency contracting officers lack specialized understanding of design and construction procurement. Congress should encourage agencies to contract, on a temporary basis, with design professionals currently out of work or underemployed to help ensure that Recovery Act funding for infrastructure projects is distributed expeditiously and effectively.



## **Make Tax Policies Work for Recovery**

*Carefully targeted tax incentives have broad support in industry and around the country. Congress needs to act now to ensure that temporary tax incentives do not expire, stifling a recovery.*

### **Expand and Improve the Energy Efficient Commercial Building Tax Deduction.**

By increasing incentives for green building design and renovation, Congress can stimulate economic activity in an energy-conscious manner. Congress should increase the energy efficient commercial building tax deduction from the current \$1.80 per square feet to \$3.00 per square feet, and turn it into a tax credit in order to provide a greater incentive.

### **Extend the First-Time Home Buyer Credit.**

The \$8000 first-time home buyer credit, which is set to expire in November 2009, is helping to encourage new housing construction that creates jobs, while boosting home ownership. Extending the credit for at least an additional 12 months will encourage more residential construction and job creation in the design and construction industry.

### **Make Permanent the Shortened Cost Recovery Period for Retail & Restaurant Improvements.**

Congress should pass legislation to make permanent tax provisions shortening the cost recovery period of certain leasehold, retail and restaurant improvements from 39 to 15 years, which currently are set to expire at the end of 2009. This will provide a critical incentive for retail and restaurant operations to make capital improvements to their leasehold space.

### **Extend and Expand the Five-Year Carryback of Net Operating Losses for Small Businesses.**

The Recovery Act allowed businesses with gross receipts of \$15 million or less with net operating losses in 2008 to carry those losses back over the preceding five years. Congress should expand the provision to cover net operating losses incurred in 2009 and 2010 for all businesses regardless of size.

## **Rebuild Our Infrastructure for the 21<sup>st</sup> Century**

*Our nation's economic well-being is tied directly to the health of its roads, bridges, transit systems, schools and communities. Investments today in our infrastructure not only create immediate jobs; they build the platform for our future competitiveness in the global economy.*

### **Enact a Five-Year Reauthorization of the Federal Surface Transportation Program.**

The House Transportation and Infrastructure Committee has released legislation, the Surface Transportation Authorization Act, that would make major strides in moving our country towards a 21<sup>st</sup> Century transportation system. Delaying action on comprehensive transportation reform traps our communities in a failed system that threatens our economic and environmental well-being. Congress needs to act now to make sure that federal transportation policy truly helps us rebuild and renew our country.

### **Build 21<sup>st</sup> Century Green Schools.**

Investing in green schools is a triple winner: it creates jobs, lowers school district energy bills and creates better learning environments for students and teachers. The House has passed the 21st Century Green High-Performing Public School Facilities Act of 2009 (HR 2187) to provide funding to state and local school districts for the modernization and renovation of K-12 public schools. Now the Senate needs to act.



**Invest in World-Class Labs and Classrooms at Colleges and Universities.**

Investing in our nation's college and university facilities will create millions of jobs now and in the future, and will help the United States produce a world-class work force. Congress should authorize a program, modeled after HUD's successful Section 242 program for helping hospitals access affordable financing for capital projects, to provide up to \$50 billion in financing for classrooms and laboratories at public and private institutions of higher education.

**Promote the Revitalization of Historic Properties.**

Millions of older and historic properties lie vacant, particularly in downtowns that are desperate for revitalization. Congress should pass broadly-supported legislation (HR 3715) that will encourage building owners to achieve substantial energy savings in building rehabilitations with graduated increases in the historic tax credit based on the level of efficiency achieved. Congress should also pass H.R. 3670, legislation to help homeowners preserve their historic homes and revitalize urban and rural communities while creating jobs.

**Reduce Delays by Streamlining Building Permitting.**

Slow building permitting processes unnecessarily delay projects and slow economic growth. Congress should provide incentives to communities that streamline their permitting processes, including the use of e-permitting, and allow Energy Efficiency and Conservation Block Grant monies to be used for permit streamlining for green building projects.

**Help Communities Plan Their Futures.**

In order to fully maximize the ability of citizens to shape their futures, Congress should require that metropolitan planning organizations and state DOTs hold interactive public design workshops facilitated by planning and design professionals as a part of their planning processes. Congress also should pass S.1619, the Livable Communities Act, to help communities of all types and sizes plan in ways that reduce congestion, promote transportation choice and ensure affordable housing.

**Build the New Green Economy**

*Around the world, nations are embracing green technology and green jobs. Rebuilding and renewing our country for the long-term requires steps to ensure that our people and their communities are ready to lead us into a more sustainable and prosperous future.*

**Create Incentives for Mixed-Use, Transit-Oriented Development.**

Constructing mixed-use, transit-oriented development projects will foster economic growth, reduce congestion, preserve urban centers, and improve health and quality of life. Congress should enact incentives for the design and construction of energy efficient buildings located near public transportation. Specifically, Congress should pass H.R. 2016, legislation that will provide a tax credit for transit-oriented, green buildings.

**Promote Green Affordable Housing.**

Congress should support policies that will help homeowners and those who design, build, and renovate housing to improve residential energy efficiency throughout the country. Specifically, the Senate should pass the Energy Efficiency in Housing Act of 2009 (S. 1379). The House already passed similar legislation, the GREEN Act (H.R. 2336), earlier this year.



**Provide Innovative Funding Streams Funding for Green Retrofits.**

Investing in green building retrofits through innovative financing mechanisms not only improves energy independence and protects the environment; it also creates jobs. Congress should pass legislation that would allow the Department of Energy to use their existing bonding authority to back Property Assessed Clean Energy (PACE) bonds, municipal bonds whose proceeds are lent to commercial and residential property owners to finance energy retrofits.

**Educate the Workforce of Tomorrow in Sustainable Design.**

Congress should pass legislation that empowers colleges and universities to develop building training centers that partner with architecture and engineering schools to provide state-of-the-art training and education in the design, construction and operations of green high-performing buildings.

For more information, visit [www.aia.org/rebuildandrenuew](http://www.aia.org/rebuildandrenuew), or contact the AIA government relations team at [govaffs@aia.org](mailto:govaffs@aia.org).

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