Smart Growth America is the only national organization dedicated to researching, advocating for and leading coalitions to bring better development strategies to more communities nationwide. From providing more sidewalks to ensuring more homes are built near public transportation or that productive farms remain a part of our communities, smart growth helps make sure people across the nation can live in great neighborhoods. Learn more at smartgrowthamerica.org.

Project team
Geoff Anderson, President and CEO, Smart Growth America
Ilana Preuss, Vice President and Chief of Staff, Smart Growth America
Christopher Coes, Managing Director, LOCUS, Smart Growth America
Catherine Hartnett, Director of Government Affairs and Outreach, Smart Growth America
Alex Dodds, Online Communications Manager, Smart Growth America
Craig Chester, Press Manager, Smart Growth America
Jay Corbalis, LOCUS Associate, Smart Growth America
Zach Smith, Program Associate, Smart Growth America

McBee Strategic

Acknowledgments
Thank you to the members of LOCUS’s Steering Committee. Additional thanks go to the following contributors:

Frank Alexander, Emory University
Ethan Handelman, National Housing Conference
Chris Leinberger, President, LOCUS, Smart Growth America
Lynn Ross, Urban Land Institute

Photo credits
Cover: Midtown Lofts in Minneapolis, MN. Image courtesy of the Lander Group.
Page 6: Gateway Senior Apartments in Fremont, MI. Image courtesy of HRS Green.
Page 10: Trinity Flats in Cincinnati, OH. Image courtesy of Cincinnati Center City Development Corporation.
Executive Summary

Smart Growth America and its coalition of real estate developers and investors LOCUS, which represents private-sector development interests from across the United States, present a series of reforms to federal real estate programs. Taken together, these reforms could save the federal government an estimated $33 billion per year while updating outdated programs to achieve better outcomes for households, communities and taxpayers.

This report builds on Smart Growth America’s January 2013 report, Federal Involvement in Real Estate: A Call for Examination, which examined the federal government’s current spending and commitment to real estate programs each year. From loan guarantees to commercial tax credits, this spending amounts to roughly $450 billion annually and spans over 50 programs created at multiple agencies, at different times for various purposes over the past several decades.

These programs often have laudable aims: helping families purchase their first home, helping those most in need pay their rent and aiding community redevelopment. As A Call for Examination explained, however, there are problems with these programs both individually and as a group.

Today’s programs unfairly penalize families who can’t afford or choose not to buy a home, favor single-family homes over other types and provide financial incentives to purchase second homes when many families still struggle to purchase their first. In addition, the majority of funding goes to a small proportion of households, several policies are barriers to forces in today’s marketplace and programs are failing to adequately support existing neighborhoods. Taken as a whole federal real estate programs have not kept pace with the evolving real estate market nor do they pursue a coherent set of policy goals.

Federal Involvement in Real Estate: A Call for Action proposes policy changes to begin to address these problems. We encourage Congress to improve federal real estate programs in the following ways:

1. Eliminate some rate subsidies from the National Flood Insurance Program.
2. Reform the Federal Housing Administration’s single-family home program.
4. Preserve and increase the Low Income Housing Tax Credit.
5. Improve the Rehabilitation Tax Credit.
6. Establish individual mortgage savings accounts.
7. Create an Innovative Financing for Infrastructure Rehabilitation Program.

These recommendations would improve federal real estate programs to help families become more prosperous and better support economically resilient towns. The recommendations are designed to reflect the fiscal realities facing the country today, and include a potential $40 billion in annual savings. Of that, we recommend redirecting $7 billion to new or improved programs.

Together these changes would help federal real estate programs better achieve their goals and better reflect current market, budget and economic realities. With Congress and the administration taking a fresh look at how the nation spends taxpayer money, now is the time for policymakers to strengthen federal real estate programs.
Smart Growth America advocates for people who want to live and work in great neighborhoods. We believe smart growth solutions support thriving businesses and jobs, provide more options for how people get around and make it more affordable to live near work and the grocery store. Our coalition works with communities to fight sprawl and save money. We are making America’s neighborhoods great together.

Smart Growth America is the only national organization dedicated to researching, advocating for and leading coalitions to bring smart growth practices to more communities nationwide. Visit us online at www.smartgrowthamerica.org.

1707 L St. NW Suite 250, Washington, DC 20036
202-207-3355
www.smartgrowthamerica.org