This report is a product of Smart Growth America.

**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. 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. For additional information visit [www.smartgrowthamerica.org](http://www.smartgrowthamerica.org).

Any errors and all interpretations are the responsibility of Smart Growth America.

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Executive Summary

Federal financing of and spending on real estate impacts millions of Americans on every street, in every neighborhood, town and rural community. From loan guarantees to commercial tax credits, these programs help those most in need pay their rent, help families purchase their first home, and provide financing for commercial development. The federal government impacts where and how homes and even whole neighborhoods are built in the United States.

Each year, the federal government spends approximately $450 billion on real estate through a combination of direct expenditures and tax and loan commitments. Smart Growth America surveyed 50 federal real estate programs to better understand where this money goes and how it influences development. The spending examined in the report’s analysis includes tax expenditures, loan guarantees, and low-interest loans and grants. It does not include the Government Sponsored Enterprises (GSEs), nor does it include non-real estate spending that greatly influences development, including investments in transportation, other infrastructure and federally owned real estate.

This spending has an enormous impact on the U.S. real estate market. Though usually viewed as a “free” market, the U.S. real estate sector is heavily influenced by direct and indirect government intervention. Much has been written about how zoning, infrastructure provisions, subdivision regulations, local approval processes and other factors make the real estate market a product of more than simple supply and demand. And recently, more has been written about the outsized role of the GSEs and the need for their reform. Taken as a whole, these expenditures and investments impact where real estate is developed and what kind of product is built.

Even a cursory analysis reveals this impact is uneven. For example, small multifamily buildings are less likely to receive financing, despite the fact that most renters in the United States live in these smaller buildings. Viewed as whole, federal funds are not targeted to those most in need, are not targeted to strengthen existing communities and are not targeted to places where people have economic opportunities.

Federal real estate spending should be reviewed and refocused. Smart Growth America’s survey revealed several instances where federal real estate expenditures and commitments could better meet our national needs and provide better benefits to homeowners, renters and communities. These shortcomings mean U.S. taxpayers are failing to get the most out of these large federal investments.

Federal real estate spending and commitments should be coordinated around a clear set of goals to support thriving economies in communities across the country. With Congress and the presidential administration taking a fresh look at how the nation spends taxpayer money, now is the time for policymakers to re-examine federal commitments to the real estate market.

Smart Growth America believes in the federal commitment to housing all Americans and stabilizing communities; we urge policymakers to review federal programs with the following goals in mind:

1. Support balanced housing choices in suburbs, cities and rural towns.
2. Reinvest in America’s existing neighborhoods and communities.
3. Provide a safety net for American families.
4. Help more Americans reach the middle class.

How and where real estate is developed is an important policy issue and one that influences other issues like education, jobs, infrastructure and transportation. The federal government needs to look at the benefits of its investments, and this means not only looking at what but also where investment takes place.

Housing and commercial development can alter and strengthen an entire community if done right: new investment in existing neighborhoods can spur revitalization, provide choices for people to live near economic opportunities and transportation, and support regional economic growth in the process. This type of investment can lower infrastructure costs and increase the tax base for localities, helping towns and cities become more fiscally secure.

Rural main streets, suburban downtowns and city centers alike are the heart of the American economy and supporting these areas with strategic development will help strengthen them. American communities have benefited from the support of federal real estate programs, but that support can do more for local governments, local neighborhoods, and the national economy.
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.

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