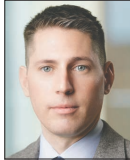


Commercial Development, COVID-19 and the Biden Administration Impacts of the Stimulus Bill and Goals Going Forward

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More than one year after the COVID-19 pandemic caused nationwide shutdowns of businesses, the effects of the pandemic are still being felt by American workers and businesses today, including those in the real estate industry. In response, President Joe Biden recently signed into law the American Rescue Plan Act of 2021 (ARPA) to provide relief to targeted sectors of the economy. Stakeholders in the real estate industry should consider the potential direct and indirect impacts that may result from key provisions of the ARPA, as well as the broader goals of the Biden administration going forward. Increased regulation, additional infrastructure spending and modifications to the tax code should be anticipated by stakeholders across the industry.



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not yet been drawn up in Congress, the Biden administration is expected to push for a multitrillion-dollar infrastructure bill to address the nation's aging transit and energy infrastructure. Alongside traditional spending on roadways and energy transmission infrastructure, significant attention is expected to be paid to broadband Internet access and retrofitting existing structures to increase energy efficiency. The real estate community should pay careful attention to opportunities offered by the increased spending on key infrastructure sectors.

• **Tax Legislation:** One of the sources of funding for the aforementioned expenditures is a planned increase in the corporate tax rate. President Biden has previously expressed support of an increase in the corporate tax rate from 21% to 28%. In addition, and of particular interest to the real estate industry, members of the Biden administration have flagged that IRS Section 1031 Like-Kind Exchanges may be eliminated in order to boost federal tax income. Revisions to the existing tax code will require careful analysis by the real estate community in order to

ensure efficient compliance.

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ARPA

- **Protection Against Foreclosure/Eviction:** ARPA does not extend the federal foreclosure or eviction moratoria imposed by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- **Stimulus Relief:** ARPA's nearly \$2 trillion budget includes billions in direct relief for Americans, including \$1,400 stimulus checks. Indirect benefits to landlords and tenants are anticipated as a result of the stimulus.
- **Targeted Industry Relief:**
 - a) \$15 billion in additional funding for Economic Injury Disaster Loans. These loans service small business owners to help them meet financial obligations and operating expenses.
 - b) \$7.25 billion in additional funding for the Paycheck Protection Program.
 - c) \$28.6 billion for the Restaurant Revitalization Fund.

The industry relief will provide both direct benefits (in some instances) and indirect benefits for landlords and tenants.

Potential Future Impacts

- **Increased Environmental Regulation:** President Biden is expected to reinstate various environmental rules and regulations which were rolled back by the Trump administration. Alongside increased regulation, the Environmental Protection Agency is expected to place a greater emphasis on enforcement than the prior administration. The regulatory landscape for real estate will likely grow increasingly complex as enforcement actions increase in frequency.

- **Additional Spending on Infrastructure:** While a formal bill has



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