State and Local Law Issues

State and local legislation and policies should foster a positive business environment for commercial and multifamily lenders.

BACKGROUND

MBA works with state MBAs to support state and local legislation and policies that foster a positive business environment for commercial and multifamily lenders, including supporting efforts to remove barriers to real estate development. MBA also works to respond to state regulatory proposals and provide analysis to members.

ADVOCACY AND RECOMMENDATIONS

State Rental Assistance Efforts

MBA supported and successfully advocated for the inclusion of two rounds of emergency rental assistance included under the Consolidated Appropriations Act and the American Rescue Plan Act to help both residential and commercial tenants during the pandemic. Rental assistance funds are largely being distributed by the states, and MBA has worked and continues to work with state MBAs and groups representing state and local governments to provide policy and legislative suggestions to distribute these funds more effectively.

State COVID-19 Legislation

In response to the COVID-19 pandemic, lawmakers across the country introduced hundreds of bills in their state legislatures on mandatory forbearance, rent relief, foreclosure, rental assistance, commercial property taxes, and many more. While well intentioned, many of these proposals would have indirect impacts on the commercial real estate markets and, in certain instances, raise costs for consumers. To mitigate possible disparate impacts on commercial and multifamily real estate markets, MBA launched dozens of Mortgage Action Alliance (MAA) Calls to Action to educate lawmakers on the impact of various legislative proposals under consideration and worked with other advocacy groups to make important changes to legislation to avoid negative impacts on commercial real estate lending.

MBA also served as a resource for its members at the state level as they navigated through the pandemic. For example, lawmakers in Oregon enacted legislation imposing mandatory commercial forbearance and a ban on commercial foreclosures. In response, MBA created guidance documents and provided subsequent support to servicers to help them comply with the legislation. MBA continues to work with its members and state lawmakers to navigate through the rest of the pandemic.

Rent and Vacancy Control

MBA believes rent and vacancy control creates significant disincentives to the construction of new multifamily housing and the rehabilitation of existing housing. This can result in the loss of rental housing growth, foster the deterioration of existing multifamily housing, and limit access and availability to affordable multifamily housing for years to come. In sum, those measure cause harm and are not effective in improving the housing situation they are intended to address.

For more information, visit mba.org or call (202) 557-2700.
MBA recognizes the affordability problem rent control proponents seek to address, and we have long been strong supporters of policies and multifamily rental programs that encourage lending and development of affordable housing to increase the supply of rental housing. This includes supporting programs such as HUD’s FHA programs, which support new construction and substantial rehabilitation of workforce and affordable rental housing, the Low-Income Housing Tax Credit program, Rental Assistance Demonstration program and a variety of state and local policies.

**California Ballot Initiatives (rent control and commercial property taxation)**

When California Prop 15 split-roll tax proposal and 21 statewide rent and vacancy control qualified for placement on the ballot in 2020, MBA immediately identified this significant threat to the CREF ecosystem and mobilized in response. MBA hosted a webinar with our partners at the California MBA to bring awareness to the industry that was viewed by hundreds of MBA members and their employees and was cited in industry publications. MBA also launched outreach efforts to groups, including updates and discussions on committee calls, presentations at member conferences, and multiple MAA Calls to Action for all members but particularly to those in California. As a result of MBA’s advocacy and the ensuing collaboration with state partners on these issues, both ballot initiatives were defeated by California voters.

**New York Mezzanine Debt Tax Bill**

In March 2021, New York state legislators introduced bills that tax and require recording of mezzanine debt and preferred equity, which would have substantially increased the cost of financing multifamily mortgages and created incentives to increase rents. Working with the New York MBA and other state-based organizations, MBA worked to educate lawmakers on the potential adverse effects of enacting this tax. While originally included in the annual state budget, these bills were ultimately removed and not enacted into law.

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