



July 29, 2010

The Honorable Joseph Crowley
United States House of Representatives
2404 Rayburn House Office Building
Washington, DC 20515

RE: H.R. 5901, the "Real Estate Jobs and Investment Act"

Dear Representative Crowley:

On behalf of AFIRE, I want to lend AFIRE's support to your efforts to modify the Foreign Investment Real Property Tax Act, FIRPTA. Modernizing FIRPTA to reduce the tax barrier to foreign investment in U.S. real estate is much needed. It would facilitate greater equity investment in U.S. real estate which is needed to fully restart the lending marketplace. It would help stabilize bank risk exposure. And it would be in the best interest of the overall economy.

We support H.R. 5901, the "Real Estate Jobs and Investment Act", as introduced on July 28, 2010. The commercial real estate industry needs a more expansive bill which would benefit a broader range of asset types, even so, the enactment of your legislative approach would be helpful and we offer our full support of it to you.

Given the current credit shortfall in the American economy, with significant value declines and near paralysis in U.S. capital markets largely preventing domestic buyers from financing commercial real estate purchases in the ordinary course, there must be additional equity investment into the market place. The commercial real estate industry increasingly views foreign investors as a significant potential source of this much needed additional equity. Obviously, foreign investors choose whether or not to invest in American real estate or, alternatively, real estate elsewhere around the globe. FIRPTA imposes taxation on foreign investment in commercial real estate – penalties that do not exist when foreigners buy other U.S. assets such as U. S. Treasury securities, corporate equities, and corporate bonds. This drives potential equity investment away from our nation to the detriment of value stabilization, transactions and jobs.

H.R. 5901 is a step in the right direction to address the problems created by the FIRPTA tax regime. We look forward to working with you to achieve maximum efficient FIRPTA reform.

Sincerely,

C. MacLaine Kenan
Former Chairman of AFIRE

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