

Bipartisan Legislation Modernizing REIT “Related Party Rent” Rules Re-Introduced: On Feb. 4, two House Ways and Means Committee members, Reps. Brad Schneider (D-IL) and Darin LaHood (R-IL), along with [six bipartisan co-sponsors](#), introduced [H.R. 840](#) the *Retail Revitalization Act* (the Act), the 2020 version of which was originally introduced in the prior Congress on Nov. 20, 2020, as [H.R. 8805](#). The Act seeks to modernize certain tax provisions relating to REITs by, among other things, expanding the capacity of a REIT to own the equity of a tenant from 10% to 50%, and eliminating the so-called “double downward” attribution rules for purposes of determining whether a tenant’s rent is disqualified “related party rent.” The Act also would make similar changes to the percentage of space that a REIT can lease to its taxable REIT subsidiary.

At a virtual unveiling of the legislation, [Rep. Schneider said](#) that “allowing REIT landlords to infuse more capital into their retail tenants will help offset the retail sector’s devastating losses caused by the pandemic and save jobs.” [Rep. LaHood said](#) “retailers need more funding as they work to recover from the pandemic and this legislation will help infuse critical private capital into small businesses struggling.” At the virtual event, Nareit President and CEO Steve Wechsler strongly supported the Act and noted that it would update the REIT rules to conform to other ownership provisions in the tax code.

Nareit continues to support legislative solutions such as the Act to help to prevent retail and other tenant bankruptcies and to preserve jobs in sectors most adversely affected by the current health and economic crisis.