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NATIONAL ASSOCIATION OF REAL ESTATE INVESTMENT TRUSTS®

April 8, 2008

The Honorable Charles B. Rangel
Chairman
House Committee on Ways and Means
2354 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Rangel:

On behalf of the National Association of Real Estate Investment Trusts (NAREIT), I want to express our strong support for the housing stimulus legislation being considered by the Ways and Means Committee. The Housing Assistance Tax Act of 2008 would help to restore confidence in our real estate markets by helping stimulate home purchases and the production of affordable rental housing.

NAREIT is particularly supportive of the proposed changes that would affect real estate investment trusts (REITs). REITs, which own and operate apartment buildings, offices, hotels, shopping centers, health care properties, and warehouses, play an important role in the broader commercial real estate markets. About 15% of the publicly traded REIT industry is devoted to multifamily, residential housing, accounting for approximately \$60 billion of investment, and private REITs also own and operate a substantial number of apartment communities. Moreover, home mortgages are qualified REIT assets.

While the fundamentals of this market, and the broader commercial real estate market, have remained relatively strong, current credit market conditions for commercial real estate are in distress. The lack of liquidity in the market is preventing transactions from taking place. Transactions set market prices for properties, and without transaction activity, it is difficult for lenders and other market participants to assess the risk of lending. We believe the REIT provisions in your bill would provide significant new liquidity that would unlock the commercial real estate markets.

For example, one provision, which would allow REITs to more readily access and recycle capital through the acquisition and disposition process, would serve to unlock property transfers. REITs would then be in a better position to inject desirable equity from the public markets into the commercial real estate marketplace, providing ballast to this sector at a potentially difficult time. Another



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provision in your bill would permit REITs engaged in taxable, entrepreneurial activities that are ancillary to their core real estate business to expand the range of these activities and infuse additional capital into the broader real estate economy.

NAREIT applauds you and your committee for taking this action to restore a stable real estate base and help build a strong national economy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S.A. Wechsler", with a stylized flourish at the end.

Steven A. Wechsler
President & CEO

