

NAR Issue Summaries

Business / Regulatory Reform

NAR Committee:

Business Issues Policy Committee

What is the fundamental issue?

Regulations are rules established by government agencies at the federal, state, and local to implement laws passed by legislative bodies. They are designed to provide specific guidelines and standards for businesses, industries, organizations, and individuals to follow. By enforcing regulations, governments seek to achieve various objectives, including public safety, consumer protection, environmental preservation, and fair competition.

However, poorly designed regulations may cause more harm than good; stifle innovation, growth, and job creation; waste limited resources; undermine sustainable development; inadvertently harm the people they are supposed to protect; and erode the public's confidence in our government.

Real estate is governed by many regulations at all levels of government. For example, at the local level, sign ordinances dictate how a Realtor may display a For Sale sign. Regulations at the state level may impose land use and infrastructure restrictions. At the federal level, the EPA regulates lead paint disclosure activities.

I am a real estate professional. What does this mean for my business?

Government policies have a direct impact on the dynamics of the real estate market. Zoning and land-use regulations, for instance, determine where and how properties can be developed. Tax incentives and subsidies can stimulate real estate investments and affordable housing initiatives. Additionally, interest rates and monetary policies affect mortgage markets and housing affordability. Green building codes and energy efficiency standards are driving sustainable practices and shaping the construction industry.

Government regulations and policies profoundly impact the real estate industry, influencing its growth, sustainability, and compliance obligations. Staying informed and adapting to evolving regulatory frameworks is crucial for success.

NAR Policy:

When they work well, democratic governments make laws to protect people from harmful things that they cannot prevent on their own. However, not all regulations are effective or achieve their purposes. Some are too restrictive, while others are weak or improperly implemented. But that does not mean that all regulation is harmful. Although society benefits from well-functioning markets, not all government regulations are bad for business. To produce optimal results for business, industry and citizens, NAR urges all government entities that create regulations to find a balance between markets free from unnecessary impediments and public rules to keep the public safe, protect the consumer and preserve the environment.

Opposition Arguments:

Regulations reduce economic growth, lower Americans' incomes, and may have especially harmful effects on low-income residents.

Of course, not all regulation is bad. Regulations that focus on basic worker or consumer safety often have benefits that outweigh their costs. But many regulations on the books today go way beyond basic safety. Such regulations protect established businesses by limiting entry or increase firms' costs without providing an offsetting safety benefit, harming workers, customers, and potential entrepreneurs in the process. Regulation has costs and benefits, but for too long the costs were largely ignored. As a result, there's too much regulation at all levels of government.

Legislative/Regulatory Status/Outlook

Congress periodically tries to pass comprehensive legislation to reform the federal regulatory process and reduce the current regulatory burden on society.

At this time (07/2024), the proposed Regulatory Flexibility Act, which would impose more transparency and accountability on the regulatory process, is being considered by the House Small Business Committee.

Current Legislation/Regulation (bill number or regulation)

Regulatory Flexibility Act

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