



As the global economic crisis deepens, the American Institute of Architects calls on Congress and the new administration to act now. Together, we can *rebuild* and *renew* the American economy.



Rebuild and Renew America: *The AIA's Plan for Restoring our Economy and Greening Our Communities*

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America's architects believe that the economic crisis presents an opportunity not only to build, but to build better—greener buildings, vibrant communities, and a 21st century transportation network that is good for both the environment and the economy. To that end, the AIA believes that any funding for infrastructure projects that Congress appropriates should be prioritized with these principles in mind:

- Projects for which construction can commence within 24 months of enactment of the economic recovery legislation
- Projects that rebuild and improve safety of existing infrastructure
- Projects for new infrastructure that are more energy efficient, sustainable and help create healthy, livable communities

The AIA believes that the best way to meet these goals is to ensure that any economic recovery package provides funds for the planning and design process for new projects as well as for "shovel-ready" projects.

To achieve these goals, the AIA has developed policy ideas in five key areas that, if enacted now, would invigorate the design and construction industries, in turn providing an immediate stimulus to the economy. These proposals would create approximately 1.6 million jobs, including 14,000 jobs for architects.

21st Century Schools

- *Invest \$25 billion in helping school districts repair, modernize and green school buildings.*
- *Provide \$700 million to create a pilot program that would provide grants for up to 15 state or local education agencies to develop model school campuses in each region of the country, utilizing 21st century design and construction techniques that align to support 21st century teaching and learning.*

Green Buildings

- *Provide \$10 billion for federal building energy efficiency upgrades and modernization for projects where construction can commence within 24 months of enactment.*

Ensure that economic recovery provides funds for the planning and design process for new projects as well as for “shovel-ready” projects.

- *Provide \$10 billion to state energy offices for energy efficiency retrofits to public (state and local), residential, commercial, industrial and healthcare facilities where construction can commence within 24 months of enactment.*
- *Invest at least \$20 billion in appropriations through the Community Development Block Grant program and \$10 billion for the Energy Efficiency and Conservation Block Grant program, authorized in EISA, to promote infrastructure projects that promote energy efficiency, particularly energy efficiency affordable housing, on projects where construction can commence within 24 months of enactment.*
- *Provide at least \$10 billion in funding for the design and construction of green affordable housing, for projects where construction can commence within 24 months of enactment.*
- *Enlarge the Energy Efficient Commercial Buildings Tax Deduction (Public Law 109-58, §1331) from \$1.80 per square foot to at least \$3.00 per square foot.*

Transit and Livable Communities

- *Invest at least \$12 billion in funding for transit facilities and operations, including for New Starts projects where construction can commence within 24 months of enactment.*

Historic Preservation

- *Provide at least \$30 million in funding to the Save America’s Treasures program and \$100 million in grants through State Historic Preservation Officers and Tribal Historic Preservation Officers for non-federal public and nonprofit historic sites.*
- *Increase the Historic Preservation Tax Credit from 20 percent to 40 percent for smaller projects in which the qualified rehabilitation expenditures do not exceed \$2 million.*

Tax Relief for Businesses

- *Amend Section 199 to allow eligible sole practitioners to claim the deduction for qualified architectural and engineering firms.*
- *Accelerate the depreciation of energy-efficient heating, ventilation, air conditioning, or commercial refrigeration property installed in nonresidential real property or residential rental property.*
- *Repeal Section 511 of P.L. 109-222, which requires federal, state and most local government agencies to levy a three-percent withholding on all government contracts, grants and other payments.*

For more information, contact the AIA Federal Relations Team at 202-626-7438 or govaffs@aia.org.



Key Points

- *Transportation spending, both surface and mass transit, has a major impact on the economic development of local communities and on the quality of life for their residents.*
- *Congestion costs our country more than \$80 billion per year.*
- *Studies show that compact, walkable communities could reduce the need for driving by between 20 and 40 percent (Growing Cooler, ULI, 2008).*
- *The AIA's Moving Communities Forward study shows that well-designed transportation projects can benefit a community by facilitating economic development, creating jobs, increasing productivity, and easing the movement of traffic*
- *Congress should ensure that transportation funding and policies help strengthen communities.*

PROMOTING HEALTHY AND SAFE COMMUNITIES

Federal Transportation Policy: Get Our Communities Moving Again

AIA Position

The American Institute of Architects (AIA) supports the expenditure of Federal highway dollars in ways that enhance the quality of life in local communities. The AIA believes that well-planned transportation and community design can greatly enhance the economic development, sustainability, safety and livability of neighborhoods adjacent to new transportation projects.

Action Sought

The AIA urges members of Congress to support the expenditure of Federal highway dollars in ways that enhance the quality of life in local communities. The AIA believes that the upcoming reauthorization of SAFETEA-LU provides an excellent opportunity to promote transportation projects that benefit communities economically and environmentally and improve healthy and safety..

Explanation and Justification

How transportation projects - from highways and rail lines to multi-modal corridors and intermodal transit facilities - are planned, designed, and built has major impacts on the life of a community. Thoughtful design facilitates economic development, creates jobs, increases productivity, and eases the movement of traffic.

In January 2008, the AIA and the University of Minnesota's Center for Transportation Studies released *Moving Communities Forward* (www.movingcommunitiesforward.org), a study authorized by Congress in SAFETEA-LU and funded by the U.S. Department of Transportation, that measures how well-designed transportation projects can bring multiple enhancements to communities in terms of economic development, health and the environment, visual identity and design, public participation and public safety.

As Congress prepares to reauthorize Federal surface transportation programs, committing significant Federal monies for transportation construction across the country, the AIA believes that the findings of *Moving Communities Forward* offer important lessons for how transportation funding and policies can be leveraged to provide maximum benefits to the communities in which they are built.

In particular, the AIA supports provisions in the next transportation bill that:

- Increase the funding share for mass transit and community enhancement programs.
- Help communities connect transportation planning with land-use, community development and housing planning.
- Promote the reduction of vehicle miles traveled (VMT) and greenhouse gas emissions through transportation planning
- Support programs to help localities and metropolitan planning organizations (MPOs) use community visioning processes in the planning of transportation projects.
- Require that transportation facilities that are funded with federal dollars are designed to reduce fossil-fuel energy use and utilize sustainable design principles.
- Provide incentives for the design and construction of transit-oriented development (TOD) projects, which create compact, walkable communities that mix housing, retail, office space and other amenities centered around high quality transit systems
- Ensure the development of “Complete Streets” that are designed and operated to enable safe access for all users, including pedestrians, bicyclists, motorists and bus riders.



Key Points

- *Existing Federal Acquisition Regulation (FAR) 48 CFR 52.232-10 provides for a 10% withholding of fees on firms providing fixed price A&E services.*
- *The Small Business Administration (SBA) estimates that more than 230,000 small architect and engineering firms are in the federal procurement system.*
- *This regulation reduces the cash flow to small A/E firms that contract with the federal government, creating a disincentive for firms to perform government design work.*
- *A change in this regulation will encourage more firms to enter the federal procurement market.*

Eliminate Federal Retainage Rules on Design Services

AIA Position

The American Institute of Architects (AIA) supports the elimination of a federal procurement regulation that allows federal agencies to withhold up to 10 percent of an architect's or engineer's fees until the end of a design project. This retainage is far beyond what is customary for other services and places a huge, unnecessary burden on small design firms trying to take part in the federal procurement process.

Action Sought

The AIA urges Congress to pass legislation to eliminate the 10 percent retainage on architects and engineers who contract with the federal government.

Explanation and Justification

The Federal Acquisition Regulation (FAR) rule for fixed-price architectural-engineering services, [48 CFR 52.232-10](#), allows federal agencies to impose a 10 percent withholding, or retainage, of fees on firms providing architectural and engineering services. The 10 percent withholding for design services is out of line with other federal contract payment regulations, which typically have no withholding fee or a maximum of a five percent withholding.

The withholding restricts the cash flow for small businesses with little benefit to government, and in some instances is in addition to any bonding requirements. In some cases, A/E firms are having 10 percent withheld from each phase of the project. Therefore, in a three-phase design project, for example, a firm could actually see 30 percent withheld from their fee.

For small design firms with very small profit margins and tight cash flows, having 10 percent (or greater) of their fee held back for what could be years is a very troubling and unnecessary burden and a strong deterrent for small A/E firms to seek federal government contracts. This retainage runs counter to the intent of the Brooks Act, which requires federal agencies to select A/E firms based on qualifications, not on financing.

In February 2008, the Small Business Administration (SBA) announced its 2008 [Top 10 Rules for Review and Reform](#), part of a program designed to identify and address federal rules creating barriers to small business that should be reviewed and may need reforming. In choosing the top 10, the SBA reviewed more than 80 suggestions received from small businesses and associations. The SBA identified the 10 percent retainage on A/E firms services as one of the final top 10 regulations for suggested reform. The SBA has recommended that the FAR Council either remove or reduce this retainage, as it has done with other services.



Issue Brief

The American Institute of Architects • Government Advocacy • Federal Issue Position and Analysis

Key Points

- *In 2007, premiums for job-based health insurance rose by 7.7 percent.*
- *Since 2000, the cost of job-based health insurance has increased by 59 percent.*
- *Many architects are reluctant to start their own firms because of the prohibitive costs of health insurance as a small or solo practitioner.*
- *Helping small businesses reduce their health care costs will enable them to hire additional employees, invest in new equipment and grow their businesses.*

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Small Business Health Affordability

AIA Position

The American Institute of Architects (AIA) believes that its members, together with all American workers, deserve affordable health. As health care costs are on the rise nationwide, the AIA urges Congress to address this issue by passing legislation that will provide affordable health care for American businesses and workers.

Action Sought

The AIA urges Congress to pass legislation to make health care more affordable to all Americans.

Explanation and Justification

As American workers and businesses are struggling to cope with the staggering costs of health care, Congress should pursue legislation that would lessen the cost of health care. One strategy to accomplish this would be to allow for small business or association health plans. Association health plans would give members of professional and trade associations the opportunity to participate in group health insurance plans that use the advantage of large pools of insured to structure affordable coverage.

Small business health plans (SBHPs) could be established by trade, industry, and professional associations as a vehicle for providing health care benefits to employees of businesses that are association members. By standardizing requirements for SBHPs, associations with members in many states could offer health care plans without the burdens and complexities currently presented by widely differing state requirements. This would provide needed relief to millions of American workers and small businesses nationwide.

What America Thinks: On January 14-17, 2008, two respected national pollsters—The Tarrance Group, a Republican firm, and Lake Snell and Perry, a Democratic firm—reported that the American public is very concerned with rising health care costs. Eighty-five percent of the 1,000 voters polled reported that rising medical insurance costs are a very important issue.