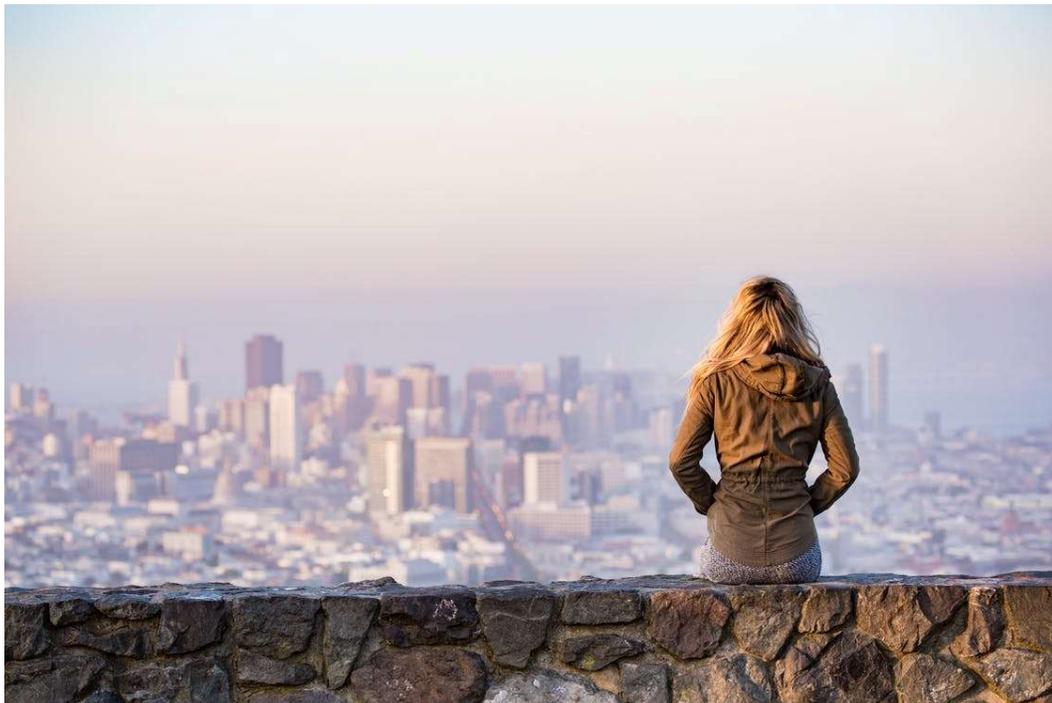


Key issues impacting relocation in 2021



Summary of U.S. Bank Corporate Programs virtual client advisory forum on the key issues that will impact relocation strategies in 2021, including government, immigration and the U.S. housing market

January 21, 2021



The U.S. Bank Corporate Programs team continued its series of virtual advisory forums with a panelist session on January 21, 2021. The session covered the relevant, and very timely, key issues that will impact your relocation strategy in 2021, including:

- Policies of the new Biden administration
- Current and future immigration landscape
- U.S. housing market trends and outlook

Our expert panel shared insights on what to expect in 2021, and recommendations for how mobility programs can prepare for the anticipated changes.

The session kicked off with Rob Griner, Vice President of Federal Government Regulations at U.S. Bancorp, providing an overview of the incoming Biden administration and congressional priorities. Next, Sameer Khedekar, Founder and Managing Partner at Banyan, provided insights on the current immigration landscape, and what it may look like in 2021 and beyond, both in the U.S. and internationally. Finally, Ryan Gorman, President and CEO of Coldwell Banker, presented on the U.S. housing forecast and trends to expect for 2021.

2021 Government Policy Outlook

With such narrow margins of control in the House and Senate, bipartisan support and cooperation will be vital to any new legislation.

Things are moving very rapidly with the new Biden administration, so it's vital to stay up to date on the latest news. The following snapshot of where we are now was presented by Rob Griner.

Senate and House control

When we take a quick look at the political landscape, there is a 50/50 split in the Senate, and Democrats hold a narrow majority control of the Senate with Vice President Kamala Harris as the tie breaker. This is important because the party that controls the Senate impacts the policy agenda, control of committees and what is brought before those committees. Also important to note is that, with such a narrow margin of control, bipartisan support is necessary for passing legislation.

Democrats also hold a very small majority in the House, the smallest it has been since World War II. Again, the narrow margin can impact any legislation going forward.

Governorships and State House control

In the majority of states, Republicans control the governorships and State Houses. This will impact redistricting and state policy issues including tax, education healthcare, data security, mortgage, etc.

This is important as many issues start in the states and then build momentum to impact the federal level.

State policy issues

 Tax	 Data Security and Privacy	 Public Sector Banking	 Mortgage	 Other Issues
<ul style="list-style-type: none"> • State economies continue to be volatile • Education, healthcare and infrastructure are top economic priorities • Tax credit finance 	<ul style="list-style-type: none"> • Response to recent data breaches • Narrowing breach notification timeframes • Increased consumer protection 	<ul style="list-style-type: none"> • Leader in the industry • Collateral programs • Ties to social issues 	<ul style="list-style-type: none"> • Forbearance • Relief for landlords • Foreclosure stays 	<ul style="list-style-type: none"> • Workplace mandates (COVID-19) • State and municipal bank concepts • Environment, social and corporate governance

Biden Administration

Griner pointed out that things are moving fast and can change on a daily basis. It's important to stay alert and informed.

First one hundred days

- **COVID-19 relief**
 - Vaccine distribution, relief for healthcare workers and ensuring they have the protective equipment they need, and economic impact relief efforts, including President Biden's \$1.9 trillion COVID relief plan.
- **Administration review of Trump administration policies on immigration**
 - Paths to citizenship, removal of country restrictions, and more lenient treatment of immigrants coming to the U.S. to study and work.
- **Focus on finalizing and expediting confirmation of Biden appointees** in administration and at regulatory agencies
- **Presenting annual budgets and outlining priorities** in the State of the Union in February
- **Focus on housing reform**, beyond just foreclosure and eviction protection, but on providing fair access to affordable housing.

Long-term priorities

Looking a little bit at long-term priorities, the list is extensive, but highlights include:

- Infrastructure improvements

- Tax reform – raising corporate and top individual tax rates
- Focus on addressing institutional inequality and diversity
- Expanded environmental focus and climate risk – rejoining the Paris Agreement
- Protect and expand Obamacare and expansion of Medicare
- Re-engage globally on trade
- Immigration reform

What this means to you: impact on relocation and best practices

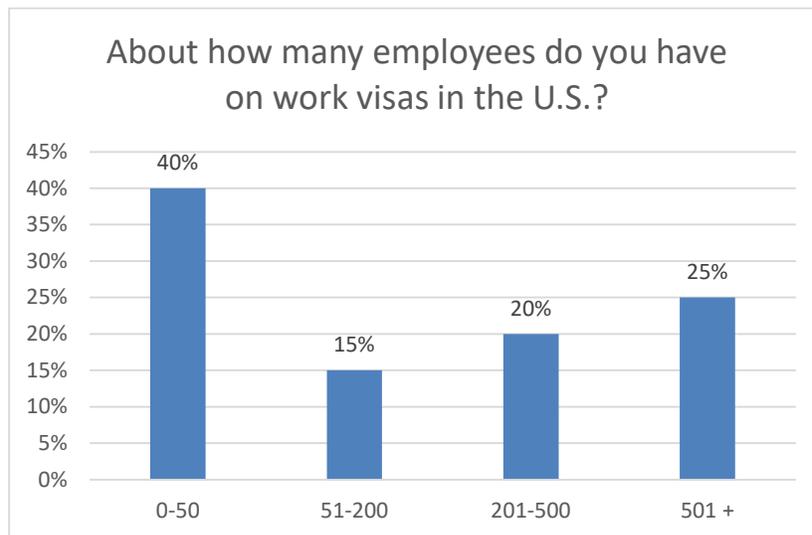
- With an ever-changing environment, it is important to stay connected to your supply chain and maintain dialogue with them on how these changes may impact your programs.
- Bipartisan cooperation and support will be vital for the passage of legislation.
- COVID-19 relief is the main priority in the near term.
- Potential immigration reform could ease mobility restrictions and make it easier for you to attract top international talent.

Immigration reform is going to be one of the main areas of focus for the Biden administration. Sameer Khedekar provided insights on the current immigration landscape, and what it may look like in 2021 and beyond.

Immigration: 2021 and Beyond

When we polled attendees on the number of employees they have on work visas in the U.S., the numbers were significant. Additionally, nearly one-third of respondents indicated that recent immigration restrictions had hampered new assignments into the U.S.

Nearly one-third of poll respondents indicated that recent immigration restrictions had hampered new international assignments into the U.S.



To better understand how immigration restrictions may have negatively impacted our attendees' assignments, Khedekar first took a look back at the huge impact the past four years have had on the state of immigration. Overall, the immigration changes impacted international assignees and organizations by making it more difficult for foreign nationals to come to work in the U.S.

Changing immigration landscape over the past four years



- More than 400 immigration policy changes
- 3x increase in work visa denial rates
- 287,000 fewer work visas approved
- Increase in top talent going to other countries (e.g., Canada and Australia)
- Dramatic increase in lawsuits

Current immigration issues we are still dealing with

Many relocation programs are still dealing with the impacts of recent immigration legislation, with the visa stamping ban remaining in place until March, 2021. However, very recently, the Biden administration canceled several policies that were on the table that could have had a negative impact on organizations:

- An increase in minimum H-1B salaries was canceled
- A requirement that end clients of consulting and staffing companies also apply for H-1Bs was canceled

In addition, a ruling to make H-1B cap changes to the lottery was put on hold for at least 60 days. Currently, H-1B applications are on a first come, first served basis, and if more applications are submitted, a lottery is held to meet the quota. The next lottery is scheduled for March. A proposal was put forth by the Trump administration to eliminate the lottery and choose H-1B visas based on who has the highest salary, which is not consistent with the original purpose of random allocation.

Since there is not time to review this proposal, a hold has been put in place for 60 days to determine the legality. This hold takes us to the end of the lottery process, effectively stopping the change from happening this year. By next year, the rule is likely to be withdrawn and a new rule put in place by the Biden administration.

Day One Immigration Executive Orders

The Biden administration has already enacted a number of reversals of current immigration policies, including:

- Reversed the travel ban from Muslim-majority countries
- Protect Dreamers (DACA) and eligibility for a green card

- Ended the national emergency declaration on the border of Mexico, which was funding wall construction
- Allowed inclusion of undocumented population in 2020 Census count

Looking forward: highlights of the immigration bill already sent to Congress

The U.S. Citizenship Act, already sent to the House and Senate, is the first comprehensive immigration bill brought forth in 15 years. The last time changes were made to U.S. immigration was in 1996, pre-internet!

This new legislation represents recognition of the needs of business and of immigration as a dynamic contributor to our economy. Important highlights of the bill include:

- **Modernizing** our approach to immigration
- **Creating a path to citizenship** for the undocumented population (five years temporary status, security checks and fees, permanent residency and citizenship)
- **Clearing green card backlogs**, calculated to be 70 or 80 years long, for employment- and family- based green cards
- **Eliminating the three- and 10-year bars** that were implemented in 1996. These bars created a scenario where seasonal workers didn't want to leave because they could not come back into the country. A case-by-case review versus broad decisions is more equitable. The policy currently states:
 - If you are unlawfully in the U.S. for 6 months and you leave, you can't come back for three years
 - If you are unlawfully in the U.S. for more than one year and leave, you can't come back for 10 years
- **Making work-based green cards easier to attain**

Other possible changes coming:

- **H-4EADs (employment authorization documents) protection** – work permits for spouses of H-1B permit holders
- **No age-out of children** while an employee is waiting for a green card
- **Pilot program for regional development** – states and municipalities can petition the Federal Government for more visas based on state needs and economic conditions
- **Macroeconomic green card adjustment** – ability to adjust green card numbers based on macroeconomic conditions of the entire country
- **Asylum/refugee reforms**
- **No more use of the term "aliens"** – now the term used is "noncitizens"

What this means to you: impact on relocation and best practices

- There is the potential to lead for new legislation to protect the original intent of the H-1B lottery.
- Work-based visas may be easier to attain for your key international talent.
- Protection for dreamers may give employers more security in hiring and open up the talent pool.

The last time changes were made to U.S. immigration was 1996. The current immigration structure doesn't reflect modern immigration, business and economies.

Finally we heard from Ryan Gorman on the housing market for 2021.

2021 Housing Market Outlook

From a political standpoint, Gorman indicated that the good news is that, although there is a lot of political uncertainty right now, both major political parties are pro-housing.

The Biden administration's approach to housing seems to be more results oriented versus policy focused, with specific renter and homeowner goals. The administration is supporting assistance with funding for towns and cities to modernize outdated codes (which will impact new construction and affordability), and focus on fair housing outcomes, including expanding the fair housing definition to include LGBTQ protection.

Other potential legislation includes:

Advanceable tax credit

- A \$15,000 advanceable tax credit for first-time home buyers, which buyers can use right now, could be introduced to Congress. This has the potential to unlock a lot of buyers, and shows the focus of the new administration on the purchase side of housing.

Fully funding Section 8 Housing

- Some waits for Section 8 housing are over a decade long. There is some talk about fully funding Section 8 Housing, which would be expensive, but incredibly impactful.

Renter tax credit

- There are ideas to get renters back on par with homeowners with a renter tax credit. This is aligned with the administration's goal to get rental expenditures to 30% or below overall cost per household.

Affordable housing

- A \$100 billion affordable housing fund would allow organizations taking advantage of low income housing to get income tax credits to bring down their tax bill.

Housing first approach to homelessness

- There have been some successful pilot programs in certain cities to establish housing for the homeless first, and then address other issues such as employment and rehabilitation. The housing first approach has been successful as a lower-cost solution in limited pilots.

Housing Demand

Gorman stated that there are some things happening that really could not have been predicted.

Although there is a great deal of political uncertainty, the good news is that both major political parties are pro-housing.

Demand driven by units, not price

- While available housing inventory is at historically low levels, volume is high. The pace at which homes are coming on the market and being sold is accelerating, but the low inventory is not hurting transaction volume.
- Current low mortgage interest rates are beneficial to home buyers, and can facilitate opportunities, but that is not the only thing driving activity.

64% of poll respondents said they are seeing a shift of employees moving out of cities to suburban areas in the current work from home environment.

Employees are making decisions based on family need

- Employees are making family decisions on housing. For instance, some families were eventually going to move out of cities, but the COVID-19 pandemic and the rise of remote work accelerated their decisions.
- Decisions are being made on fundamental family needs, like more space and affordability. While working from home full time might not be forever in many cases, if employees are not going into the office every day, they may be willing to consider longer commutes and expand their radius of home search.
- While prices are rising, affordability increases when employees are willing to move further away and increase their commute times.

Underserved communities

- There are some questions of how the Biden administration will address historically underrepresented and minority groups. For example, Black homeownership rates are far lower than other populations, and Black renters face twice the likelihood of accruing debt.
- There is a real opportunity for legislation to address this inequity.

Acceleration of life plans

- The rise of the remote work environment is causing some families that were eventually going to move to a warmer climate to consider it now because they can work remotely.
- The acceleration of tax beneficial moves, or tax flight, has been going on for quite some time, but the COVID-19 pandemic accelerated people moving from higher tax areas to lower or no-tax locations, e.g., Florida, Texas and Nevada.

What this means to you: impact on relocation and best practices

- Consider providing Pre-Move Tax Briefings to keep employees aware of their tax liability in compliance with state tax laws.
- Employees may be looking to move further from city centers for lower-cost homes and better quality of life.
- Low interest rates continue to be a factor driving home buying volume.

Needless to say, the coming months and years are going to bring significant change in government and legislation, immigration and housing. We will continue to update you as new information becomes available. If you have additional questions, please do not hesitate to reach out to your Corporate Programs contact.

To hear a replay of the panelists and view the presentation, please view the [recording of this webinar](#) online.

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