

# Issue Brief

AIA Government Relations Issue Position and Analysis

February 2017

## AIA POSITION

*The AIA supports investments in all types of infrastructure, from public buildings like universities and community centers to “horizontal” infrastructure like roads and bridges.*

## Investing in Our Nation’s Infrastructure

For years experts have warned of the dire conditions of our current stock of infrastructure. Every day, communities in every corner of the country are forced to make do with crumbling buildings and highways, many of which are in desperate need of repair or replacement.

Investments in infrastructure are not only necessary, but have the potential to provide vast economic benefits. These upgrades can also dramatically cut lifecycle costs and boost the resiliency of critical infrastructure, thereby helping to ensure the physical and financial security of generations to come.

As lawmakers consider ways to make much-needed investments in our nation’s infrastructure, it is critical that all types of infrastructure -- including “vertical” infrastructure such as public buildings – are included as part of the discussion.

A recent survey conducted by The Harris Poll found that a large majority of Americans (83 percent) consider public buildings—schools, libraries, community centers, and parks—part of their community’s infrastructure. Furthermore, 83 percent of survey respondents agreed that investment in these public buildings is just as important as investment in roads and bridges.

## BACKGROUND

2017 has the potential to be a pivotal year for infrastructure policy. Despite continued pressure on federal, state, and local government budgets, policymakers on both sides of the aisle have called for significant increases in infrastructure spending.

Private capital offers a promising way to bridge this “infrastructure gap.” Public-private partnerships (P3s) and other innovative financing options will likely be a focus of the infrastructure policy debate over the coming year and beyond. However, the success of P3s depends largely on the manner in which they are deployed. As such, the AIA encourages members of Congress to implement certain aspects of federal procurement law to any future P3 or private financing legislation.

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- The AIA supports the use of Qualifications-Based Selection (QBS), as mandated by the Brooks Act of 1972, in the procurement of architecture services. QBS ensures that design firms are chosen based on their qualifications, rather than solely on the basis of price, which can otherwise lead to low-quality work. In the long run, not using QBS can be costly at best, and dangerous at worst.
  - The AIA also encourages lawmakers to incorporate aspects of existing federal law that limit the number of shortlisted firms in the second step of the selection process. Design-build selection calls for firms to first be evaluated on the basis of their qualifications, and then on specific designs. By employing this two-step process, and by limiting the number of firms in the second step to no more than five, competing firms have more of an incentive to produce their best work. The practice also rewards talent over sheer size or resources, and encourages small but talented firms to compete for contracts.
  - Stipends should be given to firms who advance to the second phase of contract selection. In this phase, the cost of competing is high; firms spend a median of more than \$250,000 dollars developing detailed proposals and designs. Compensating firms fairly will further incentivize them to compete for future contracts, even if they are not ultimately selected.

## *Other Financing Mechanisms*

The current tax code discourages the use of private finance for public buildings, and unlike transportation PPPs, no federal financing vehicle currently exists to facilitate private investment in the replacement and renovation of public buildings. To remedy this, the AIA supports efforts that incentivize private investment in public vertical infrastructure projects, most notably through legislation that would create a new category of Private Activity Bonds, tax-exempt bonds issued explicitly for public buildings like schools, police stations, and courthouses.

The AIA supports the expansion of such tax incentives, which are currently available for certain horizontal infrastructure projects, to also include public vertical infrastructure. The AIA asks lawmakers to support H.R. 960 and S. 326, both of which would amend the Internal Revenue Code to provide for the tax-exempt financing of certain public buildings.



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