



Design Freedom for Federal Architecture

The Challenge

Mandating classical and traditional architecture as the official preferred style for federal buildings stifles innovation and harms local communities. By preventing individuals from shaping their built environment in ways that reflect their unique history, character, and aspirations, all style mandates undermine the American ideals of independence and self-determination.

The Ask

Support the Democracy in Design Act and oppose any efforts to remove local control, hinder design freedom, or add bureaucratic hurdles for approval of federal building designs.

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BACKGROUND

The American Institute of Architects (AIA) is aware of the recent Memorandum for the Administrator of General Services (GSA) regarding The White House's request to review the GSA's Guiding Principles for Federal Architecture. AIA is extremely concerned about any revisions that remove control from local communities; mandate official federal design preferences, or otherwise hinder design freedom; and add bureaucratic hurdles for federal buildings.

Since 1962, GSA's Guiding Principles have three policies: provide requisite and adequate facilities in an architectural style and form which is distinguished, and which will reflect the dignity, enterprise, vigor, and stability of the American National Government; development of an official style must be avoided; and choice and development of the building site should be considered the first step of the design process.

In 2020, President Trump issued an Executive Order which established classical buildings as the preferred style. In 2021, President Biden rescinded that order. Now, President Trump's memo seeks recommendations to revise the Guiding Principles again.

WHAT IS DESIGN FREEDOM?

AIA supports the GSA's Guiding Principles, and we support freedom in design. AIA's members believe the design of federal buildings must first be responsive to the people and communities who will use those buildings. Our federal buildings across the country must reflect America's wealth of culture, rich traditions, and unique geographic regions. AIA has strong concerns that mandating architecture styles stifles innovation and harms local communities. The current Design Excellence Program at GSA, which is based on the Guiding Principles of Federal Architecture, achieves these goals and should be protected, not revised.

Classical buildings require complex design techniques, demand expensive construction materials, and take longer to build. They are more expensive to maintain and may have higher operational costs. This is a burden for the government and ultimately the taxpayers.

AIA supports freedom in design and is extremely concerned about any revisions that remove control from local communities or mandate official federal design preferences that hinder design freedom.

CONGRESSIONAL ASK

AIA supports legislative efforts to codify the Guiding Principles through the Democracy in Design Act, which received bipartisan support in the 118th Congress and was refiled in the 119th Congress.

AIA is strongly opposed to legislation that seeks to remove control from local communities; mandate official federal design preferences, or otherwise hinder design freedom; and add bureaucratic hurdles for approval of federal building designs.



Arbitrary Fee Limitations for Federal Contracts

The Challenge

Limiting fees in a broad inconsistent manner hurts competition. The current system impairs fairness, competition, innovation, and growth as well as reduces efficiency and effectiveness for taxpayers.

The Ask

Congress should direct the Federal Acquisition Regulation (FAR) Council to amend the FAR to align with clear statutory language and pass legislation to eliminate arbitrary fee limitations and mandate Qualified Based Selection (QBS) fair fee negotiations for all architectural and engineering (A/E) design contracts across the federal government.

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BACKGROUND

The 6% fee limitation for architectural and engineering (A/E) services on federal projects was first introduced in 1939 as a cost-control measure to support the nation's urgent defense buildup ahead of World War II. This cap was intended to apply only to a specific type of contract: "cost-plus-fixed-fee" contracts. These are characterized by a cost-reimbursement model with a fixed additional fee. However, despite legislative efforts to confirm this limitation's narrow scope, federal agencies frequently apply the 6% cap to other contract types, including "firm-fixed-price" contracts, the most common A/E contracting model used by the federal government. This unintended application conflicts with both the statutory language and congressional intent of the Brooks Act of 1972, which mandates a "Qualification-Based Selection" (QBS) process to ensure fair and reasonable fees for A/E services.

The Federal Acquisition Regulation (FAR) governs procurement practices for all federal executive agencies, including design services. However, the FAR currently does not restrict the 6% cap exclusively to cost-plus-fixed-fee contracts, resulting in widespread misapplication across all federal agencies, from agency to agency and from contracting officer to contracting officer. This inconsistency places smaller A/E firms, which have fewer resources to absorb or negotiate around arbitrary caps, at a competitive disadvantage, while also introducing inefficiency and uncertainty across federal contracting practices.

Congress clarified in 2011 that the 6% fee cap was intended solely for cost-plus-fixed-fee contracts. Nevertheless, the FAR's outdated language continues to allow misapplication of the cap to other contract types, especially firm-fixed-price contracts. This application is both legally questionable and inconsistent with the Brooks Act's intent to prioritize qualifications and fair fees in federal A/E contracts.

WHY DOES THE FEE LIMITATION NEED TO BE CLARIFIED OR ELIMINATED?

Arbitrary fee caps which limit fees in a broad, inconsistent manner hurts competition, particularly among small and mid-sized firms that often cannot afford the resources to navigate or mitigate restrictive caps. By limiting their ability to compete effectively, the 6% cap impairs innovation and job growth within the A/E industry, ultimately reducing the efficiency and effectiveness of federal projects. Congress's decision to increase the A/E fee limitation for defense contracts to 10% in the Fiscal Year (FY) 2024 National Defense Authorization Act (NDAA) demonstrates an acknowledgment of the outdated nature of the 6% cap.

In March 2024, the American Institute of Architects (AIA) petitioned the FAR Council (FAR-C) to clarify that the 6% limitation applies only to cost-plus-fixed-fee contracts, per statutory requirements. The General Services Administration (GSA) responded that it lacks the authority to initiate such a FAR amendment, interpreting the cap as intended for broader application. This response highlights the need for Congress to address the issue by directing FAR to align with the clear statutory language.

CONGRESSIONAL ASK

To correct this regulatory inconsistency, Congress should direct the FAR Council to update the FAR, ensuring the 6% fee limitation applies only to cost-plus-fixed-fee contracts, consistent with the statutory intent. Congress should harmonize A/E fees across all federal civilian and defense departments and contracts, increasing the limitation to reflect the increased demands on modern A/E services. Moreover, legislation eliminating arbitrary caps would enable greater competition and efficiency, ultimately benefiting taxpayers by fostering a more equitable and effective procurement environment.



Architects Support More Housing

The Challenge

Federal, state, and local governments can empower architects to drive innovation in housing development. Increased funding, regulatory reforms, and targeted investments in affordable and workforce housing programs to create more safe, affordable, and resilient housing for all Americans.

The Ask

Fund or expand programs that enable more affordable and workforce housing to be built.

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BACKGROUND

The American Institute of Architects (AIA) supports federal policies and programs that address the nationwide housing crisis while emphasizing the critical role architects play in designing safe and resilient communities. These initiatives are vital to increasing affordable housing, workforce housing, streamlining processes, and fostering innovation.

Architects are pivotal in solving the housing crisis by designing projects that are innovative and affordable. AIA urges Congress to support these housing priorities to increase affordable housing supply and empower architects to create meaningful, impactful solutions for communities nationwide.

The U.S. Conference of Mayors and AIA recently released the National Housing Survey. The survey assessed the current state of the housing crisis. The results of the survey highlighted the mayors' belief that decades of insufficient investment coupled with spikes in housing costs during the pandemic and rising expenses for land, labor, materials, taxes, utilities, and insurance have made housing unaffordable for most Americans. Among all mayors surveyed, there was extraordinarily strong support to expand existing federal housing programs, including the **HOME Investment Partnership Program, Community Development Block Grants, and the Low-Income Housing Tax Credit**. These programs, along with others, are considered effective and vital to cities by mayors and architects.

HOUSING POLICIES

HOME Investment Partnerships Program

Background: The HOME program is a flexible block grant that helps states and local governments build, rehabilitate, and maintain affordable housing for low-income families. It also provides rental assistance and supports homeownership. Despite its effectiveness, the program has been chronically underfunded and has not been reauthorized since 1994.

Why: Reauthorizing and increasing funding for the HOME program is a critical tool for state and local government to build and maintain affordable housing. This program provides funds for the construction, acquisition and rehabilitation of affordable housing, helps finance rental/owner occupied housing, and provides rental assistance to low-income residents. It helps revitalize communities.

Congressional Ask:

- Reauthorize the HOME program and increase the administrative cap from 10 percent to 15 percent, bringing the administrative fees closer to the 20 percent available under the Community Development Block Grant program.
- Increase funding to \$2.5 billion for Fiscal Year (FY) 2025 and increase funding for the program five percent annually through FY 2028.

Community Development Block Grant (CDBG) Program

Background: CDBG is a flexible block grant program that supports communities through grants for housing, economic development, and community improvement projects, prioritizing low- and moderate-income populations. It supports acquisition of real property, relocation and demolition, rehabilitation of residential and nonresidential



Architects Support More Housing

structures, construction of public facilities, and improvements such as water, sewer, and street scaping. Funding for CDBG has been drastically reduced since its peak of \$5.1 billion in FY 2001, hampering its ability to meet local economic development and housing needs.

Why: The program fosters opportunities for architects to design community-centered projects that enhance living conditions, create jobs, and promote economic development.

Congressional Ask:

- Increase funding from its current \$3.3 billion to \$4.2 billion for FY 2025.

Low-Income Housing Tax Credit (LIHTC) & Workforce Housing Tax Credit

Background: These credits incentivize the development of affordable housing. LIHTC provides tax credits to developers to finance low-income housing, and some cities offer additional incentives for workforce housing. No federal Workforce Housing tax credit currently exists.

Why: These credits are critical, they provide necessary financing to get projects completed, encourage more public-private partnerships focused on affordable housing developments, increase housing supply, and lower costs for homeowners and renters.

Congressional Ask:

- Increase funding and expand the LIHTC and establish a Workforce Housing Tax Credit program to promote more affordable housing and workforce housing projects.
- Add a provision that allows architectural firms to directly benefit from tax credits or direct grants for providing design services on affordable housing projects.
- Support state and city governments in creating flexible funding sources for these projects, which could increase demand for architectural services in affordable and workforce housing.



Architects Support Community Resiliency

The Challenge

Investing in resilience protects lives, safeguards the economy, and mitigates the impacts of natural disasters. Architects are essential to these efforts, bringing expertise in design and innovation to the forefront of disaster preparedness. By fully funding FEMA programs, reintroducing the Resilient AMERICA Act, and enacting the Shelter Act, Congress can ensure that communities are better equipped to face future challenges.

The Ask

Act decisively to prioritize resilience in the nation's built environment.

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BACKGROUND

Natural disasters increasingly threaten communities across the United States, causing immense human and economic losses. In 2024, natural disasters caused over \$350 billion in damage. Federal programs like FEMA's Hazard Mitigation Assistance Grant programs—including the Flood Mitigation Assistance (FMA) and Building Resilient Infrastructure and Communities (BRIC) programs—play a critical role in addressing the challenge of community resilience. Despite their importance, the programs are not fully funded, leaving disaster victims with very little – if any – help in rebuilding their lives and communities. For example, in FY 2022, FEMA received \$4.6 billion in BRIC sub-application requests but had less than \$3 billion available.

Every \$1 spent on disaster mitigation saves \$6 in damage and cleanup costs, with an additional \$7 saved in economic costs post-event. In addition, nearly 50% of small businesses that close after a disaster never reopen, emphasizing the importance of a resilient built environment. Improved resilience also reduces mortgage delinquencies by 50% following natural disasters. Ensuring that businesses and homes remain operational post-disaster promotes economic stability, preserves jobs and reduces financial losses.

Architects have a unique opportunity to lead efforts to enhance resilience through innovative design and collaboration with local governments, engineers, and planners. However, these efforts require adequate funding and legislative support to scale impactful solutions.

RESILIENCE POLICIES

Investments in hazard mitigation and resilience funding empower architects to design resilient projects by incorporating hazard mitigation measures to minimize risks and damage. These investments enable architects to collaborate on community solutions, working alongside local governments and other stakeholders to retrofit or rebuild structures with a focus on reducing vulnerability. Resiliency equals continuity of the economy and limits economic damage to local communities, allowing the economy to flow. Additionally, resilience funding expands professional opportunities for architects, allowing them to utilize funding and technical support to drive innovation in modular housing, rapid construction techniques, and sustainable design.

FEMA Hazard Mitigation Assistance Program

Background: The BRIC and Flood Mitigation Assistance programs are crucial to reducing liabilities to insurance companies and property owners, as well as the federal government, as seen when Congress had to cancel \$16 billion of NFIP debt in 2017 so it could cover disaster claims from Hurricanes Harvey, Irma, and Maria.

Congressional Ask:

- Match FY23 allocations for FEMA programs by authorizing \$800 million for the Flood Mitigation Assistance (FMA) program and \$1 billion for the Building Resilient



Architects Support Community Resiliency

Infrastructure and Communities (BRIC) program in FY 2025. These programs provide essential financial and technical assistance for hazard mitigation and resilience projects.

Resilient AMERICA Act

Background: The Resilient AMERICA Act (H.R. 5689) empowers architects to lead in designing resilient, sustainable spaces that withstand natural disasters. This bipartisan bill passed out of the House with broad support in 2022. It increases funding for pre-disaster hazard mitigation, makes nonprofits eligible for assistance, and expands coverage to include wildfires, tsunamis, and ice storms. Investments in resilience protect the economy by keeping businesses operational, homes standing, and reducing mortgage delinquencies.

Congressional Ask:

- Introduce legislation similar to The Resilient AMERICA Act to significantly enhance hazard mitigation investments in the nation's-built environment and better protect our communities from devastating impacts of natural disasters.

Shelter Act:

Background: The Shelter Act (H.R. 4305/S. 2106) protects communities by incentivizing disaster mitigation. This bipartisan bill offers a 25% tax credit for disaster mitigation expenses, up to \$2,500 for individuals and \$5,000 for businesses in areas with recent federal disaster declarations. Because resilience investments reduce liabilities and increase property value, they protect both people and economies.

Congressional Ask:

- Introduce legislation similar to The Shelter Act, that offers a 25% tax credit for qualified disaster mitigation expenditures, capped at \$2,500 for individuals and \$5,000 for businesses.
- Incentivize investments in resilience by individuals and businesses, encouraging proactive measures to protect properties and communities.



Tax Incentives for Architects

The Challenge

If Congress does not renew these provisions, architecture firms of all sizes will face significant tax increases, limiting innovation and growth.

The Ask

Protect or extend the tax relief provisions affecting the architecture profession in upcoming tax focused legislation.

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BACKGROUND

There are over 19,000 small, medium, and large architecture firms in the US. These businesses employ more than 200,000 individuals. Architects have a professional responsibility to protect the health, safety, and welfare of the public. Investments in research and development are central to the day-to-day work of architects and drive local, regional, and national economies.

AIA supports business-friendly tax policies that encourage investment in research and development, incentivize private-sector affordable housing, and ensure tax parity between large and small businesses.

If Congress does not act, architecture firms of all sizes will face undue restrictions on their ability to innovate, grow, and attract new talent.

KEY TAX ISSUES AFFECTING ARCHITECTS

R&D Tax Credit

Background: The Research and Development (R&D) tax credit provides tax savings for companies investing in innovation. For architecture, this credit can cover activities related to design, prototyping, and process improvements.

Why: Architects can often claim the R&D credit if they engage in projects that require engineering solutions, energy-efficient designs, or innovative building materials or techniques. This credit can reduce tax liability and offset some of the costs associated with innovation.

Congressional Ask: Clarify the eligibility criteria for the credit by explicitly listing design and architectural innovations, allowing firms to claim the credit for a broader range of design activities. Extend the credit to include costs associated with initial concept development and building information modeling (BIM) software.

R&D Expensing

Background: R&D expensing allows businesses to deduct research and development expenses in the year they're incurred. This is especially useful for firms with projects that require upfront investments in technology and experimentation.

Why: Expenses related to research and design development can be expensed immediately, aiding cash flow and reducing taxable income which will result in business stabilization, more competitive A/E industry, and promote job growth.

Congressional Ask: Allow architectural firms to immediately expense all R&D-related costs, including design and conceptual work, rather than amortizing these expenses over multiple years. This change would improve cash flow and incentivize firms to invest more in innovative designs. Additionally, extend the scope of R&D expensing to cover training costs for new sustainable technologies or design software essential to the architecture industry.

199A Pass-Through Deduction

Background: Section 199A provides a 20% deduction on qualified business income for pass-through entities like partnerships and S corporations.

Why: Many architectural firms operate as pass-through entities, and this deduction can lower the effective tax rate on income to help small businesses stay competitive with larger corporations.

Congressional Ask: Renew the expiring pass-through policy without changes, including the provision excluding architecture and engineering firms from the definition of "service" industries subject to income limitations that reduce the deduction for those types of businesses.



Tax Incentives for Architects

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179D Energy-Efficient Commercial Buildings Deduction

Background: The 179D deduction rewards the design of energy-efficient buildings. Eligible building systems, including HVAC, lighting, and building envelope improvements, qualify for a deduction.

Why: Architecture firms involved in designing energy-efficient government or commercial buildings can claim this deduction or receive an allocation from the property owner. It's a valuable incentive for firms committed to sustainable design.

Congressional Ask: Extend eligibility to architectural firms for consulting on retrofits or updates to existing buildings, including public and non-profit projects. Allow a more streamlined process for allocating deductions to design firms on government projects, increasing accessibility for smaller firms focused on energy-efficient design, and allow it to be claimed more than once per building when substantial additional upgrades are made.

Historic Tax Credit (HTC)

Background: The Historic Tax Credit provides a credit for the rehabilitation of historic buildings. It encourages preservation and adaptive reuse of historic structures. This program is oversubscribed, which indicates how valuable of a tool this is for local communities.

Why: For architectural firms specializing in historic preservation or adaptive reuse projects, the HTC provides a critical incentive for clients to engage in these projects, expanding business opportunities in this specialized area. This credit is vitally important to main streets across the country and preserves the cultural and community significance of cities large and small.

Congressional Ask: Increase the HTC percentage (currently 20%) for smaller, community-based projects to encourage more historic preservation and adaptive reuse work. Extend eligibility for credits to smaller architectural firms by simplifying the application and compliance process. Additionally, allow firms involved in the initial design phases of historic restoration projects to claim a portion of the HTC, encouraging firms to take on complex preservation work.