



Revitalizing Downtowns & Main Streets Act

The United States is currently facing an unprecedented housing affordability crisis, affecting nearly every community. **The bipartisan Revitalizing Downtowns and Main Streets Act, introduced by Reps. Jimmy Gomez (D-CA), Mike Carey (R-OH), John Larson (D-CT), and Dan Kildee (D-MI), would provide a federal tax credit to facilitate the conversion of older, underutilized office and other commercial buildings into residential housing.** This credit would cover between 20% and 35% of eligible costs involved in converting commercial real estate to housing. The high costs of many conversions have made turning vacant commercial spaces into new housing too expensive.

RDMA requires that no less than 20% of residential units created by the credit are reserved for individuals whose income is at or below 80% of median income for a minimum of 30 years (with an option for states to require a longer affordability period). For difficult to develop and qualified low income areas, affordability would be even deeper at or below 60% AMI. All of these units would be rent restricted to 30% or less of that income.

Background

The COVID-19 pandemic caused a seismic shift in work patterns, with many businesses transitioning to remote and hybrid work models. An estimated 30% of workdays for American workers are remote, with some version of hybrid work becoming a permanent feature in most local economies. This has led to historically high vacancy rates in commercial property, leaving many buildings vacant or underutilized despite an unprecedented housing affordability crisis. According to Pew Research:



49% of Americans say the lack of reasonably priced housing in their community is a major problem.



Nearly half of all American renters spend more than 30% of their income on housing.



The U.S. needs to build an estimated 4.3 million apartments by 2035 to meet the demand for rental housing.

The challenge of converting vacant and underutilized commercial buildings into residential housing, including existing physical characteristics, have tightened lending markets for real estate. A new federal tax incentive, modeled after the Historical Preservation Tax Credit, would help offset prohibitive costs so our communities can address the affordable housing shortage.