

MIKE CAREY

Serving Ohio's 15th District

Affordable Housing Crisis

The United States is currently facing an unprecedented affordable housing crisis affecting nearly every community. According to Pew Research, 49% of Americans say the lack of affordable housing availability in their community is a major problem. Almost half of the 40 million renters in America 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.

Vacant and Underutilized Commercial Properties

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 properties, leaving many vacant or underutilized and negatively affecting state and local budgets because of decreased revenue from property taxes, property sales, and sales taxes. One study estimates a \$413 billion reduction in commercial real estate asset values from the continued remote work trend.

To help our communities address the affordable housing shortage and the negative impact of vacant and underutilized commercial structures, Congress should enact legislation to promote conversions of underutilized commercial properties into housing.

The Revitalizing Downtowns and Main Streets Act

The challenges of converting such buildings into residential housing, including existing physical characteristics, tightened lending markets for real estate. Moreover, cost makes many conversions that could produce housing economically unviable without a federal tax incentive to offset the costs.

The Revitalizing Downtowns and Main Streets Act would provide a federal tax credit, modeled after the Historic Preservation Tax Credit, to facilitate the conversion of older, underutilized office and other commercial buildings into residential housing.

The credit amount for any taxable year would be equal to 20% of the qualified conversion expenditures with respect to a qualified converted building. For difficult development areas, the amount is increased to 30%. For historic preservation conversions in rural areas, the amount is increased to 35% for up to \$2 million of the conversion expenditures.

This legislation ensures converted properties will increase the supply of affordable housing by requiring that during the 30-year period following conversion, no less than 20% of the residential units in the buildings is reserved for individuals with incomes at 80% or less of area's median income.

For more information and to cosponsor, please contact Michael Lundquist (michael.lundquist@mail.house.gov) with Congressman Mike Carey's office or Ethan Dodd (ethan.dodd@mail.house.gov) with Congressman Jimmy Gomez's office.

