Too Many Offices, Not Enough Housing
New Bills Aim to Provide More Affordable Housing

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In the post-Covid remote working era, office tenants may be paying lower rent, but lower-income residential tenants are not experiencing the same advantages. The persistent lack of affordable housing continues to pose significant challenges, prompting various local and federal initiatives to explore solutions to the housing crisis.

Revitalizing Downtowns Act

An expanded version of the Revitalizing Downtowns and Main Streets Act, originally introduced in 2021, was reintroduced in the U.S. House of Representatives on July 12, 2024, by Representatives Jimmy Gomez and Mike Carey. The bill provides tax incentives for converting older and underutilized commercial properties into housing, giving special attention to affordable housing. According to Representative Carey, "Between high housing costs and the rise of remote work, formerly prosperous neighborhoods across the country are struggling . . . The solution is right in front of us. But even though vacant commercial and office space is sitting unused, converting these properties into housing is so expensive it is often uneconomical. This bill will allow communities to meet their residents' need for affordable, abundant housing and allow American downtowns and main streets to thrive."

As a means of offsetting costs, the bill would cover 20% to 35% of eligible property conversion expenses, with higher credits available for qualified low-income or difficult development areas and for historic preservation in rural regions. For 30 years after conversion, the bill mandates that at least 20% of residential units must be rent-restricted and designated for individuals earning at or below 80% of the median income (or 60% for qualified low-income and hard-to-develop areas).

The American Housing and Economic Mobility Act of 2024

However, converting vacant commercial properties alone will not be enough to address the nearly 2.9 million home shortfall in affordable housing. Lawmakers recently reintroduced a 2021 bill in the House and the Senate to improve the affordable housing situation. Sponsored by Senators Elizabeth Warren and Raphael Warnock and Representative Emanuel Cleaver, the American Housing and Economic Mobility Act of 2024 would use various approaches to reduce affordable rents in the next decade by approximately 10%. The act would invest billions in housing funds aiming to build or rehabilitate nearly 3 million housing units. It would also incentivize local governments to eliminate unnecessary land use restrictions that drive up construction costs by creating a grant program for building infrastructure, parks, roads, or schools, which would only be eligible to local governments that either reform land use rules or implement measures protecting tenants from harassment and displacement. The bill would also limit the role of private equity in the housing market.

Local and National Investment

Whether or not these bills become enacted, the effort to create more affordable housing is already well underway. The White House recently announced new affordable housing initiatives, including $250M in low-interest loans for construction and renovation (including renovation of offices to residential spaces) and $100M in grant funding to streamline the development approval process for affordable housing. In Atlanta, the Atlanta Housing Board recently approved resolutions for 1,039 new housing units, of which 903 will be affordable. It will also preserve 140 affordable housing units in the city.

Future Outlook

The ongoing disparity between office space availability and the pressing need for affordable housing underscores the urgency of legislative action. With initiatives like the Revitalizing Downtowns Act and the American Housing and Economic Mobility Act, there is hope for significant improvement in housing accessibility. As local and national efforts converge to address this crisis, communities may begin seeing a positive shift toward meeting the needs of their residents. The combination of tax incentives, funding, and reforms has the potential to transform underutilized spaces into vibrant, affordable neighborhoods, ultimately leading to a more balanced housing market. The commitment to tackling this issue goes beyond providing shelter; it is about fostering thriving communities where everyone has the opportunity to access affordable living.

For More Information

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