



IDA POSITION

Congress can help America's downtowns and city centers recover from the pandemic, create jobs and build more affordable housing by passing the Revitalizing Downtowns Act (S. 2511/H.R. 4759).

BACKGROUND

By accelerating the trend towards remote working, the pandemic threatens the vitality and economic prosperity of America's downtowns and city centers. The McKinsey Global Institute estimates that 20-25% of the workforce could work remotely in the future - four to five times more than before the pandemic. As workers leave city centers, the shrinking demand for office space results not only in lost tax revenue for municipal budgets; it will threaten the livelihoods of millions of small business owners that depend on the daily flow of office workers and drain vitality from city centers.

Meanwhile, communities across the country are facing a severe shortage of affordable housing. According to Moody's, the annual production of new housing units is running approximately 100,000 below new housing demand, creating the largest shortfall of housing in nearly a half century.

Converting unused office space in city centers into housing and mixed-use developments will help relieve this urgent housing shortage. It will provide opportunities for families to live closer to amenities and reduce traffic congestion. And it ensures that downtowns remain vibrant centers of community activity and economic development. But converting empty office buildings into housing and other uses is cost-prohibitive.

LEGISLATION

The Revitalizing Downtowns Act of 2021, introduced by Sen. Debbie Stabenow (MI) and Rep. Jimmy Gomez (CA), will help cities convert unused office space into affordable housing and other uses that keep downtowns prosperous.

Modeled after the effective and popular Historic Tax Credit, the Qualified Office Conversion Tax Credit provides a credit equal to 20% of the Qualified Conversion Expenses (QCEs) for converting obsolete office buildings into residential, institutional, hotel, or mixed-use properties. The Credit can be used on buildings that are at least 25 years old at the time of the conversion and are certified by the owner to require conversion due to market conditions related to the pandemic.

Under the bill, a residential project may qualify for the credit if the project provides at least 20% affordable housing (i.e., housing dedicated to households whose income does not exceed 80% of the Area Median Income (AMI) and offered at a rent affordable to such households); or is subject to an alternative affordable housing arrangement under state or local policy, ordinance, or agreement.

ABOUT IDA

IDA is the premier organization for urban place professionals who are shaping and activating dynamic city center districts. Our members are city builders and downtown champions who bring urban centers to life, bridging the gap between the public and private sectors. We represent an industry of more than 2,500 place management organizations, employing 100,000 people throughout North America and growing rapidly around the world. Founded in 1954, IDA is a resource center for ideas and innovative best practices in urban place management. For more information, visit downtown.org.

FOR MORE INFORMATION

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