INSPIRED LEADERS
SHAPING CITIES

AFFORDABLE HOUSING CONVERSIONS

ISSUE BRIEF

IDA POSITION

Congress can help communities build more affordable housing and create jobs by passing legislation to provide a tax credit for converting commercial buildings to residential and other uses.

BACKGROUND

Communities across the country are facing a severe shortage of affordable housing, According to recent statistics, the U.S. faces a shortage of almost 5 million homes. The lack of supply is driving up costs: home prices have risen by more than 50 percent since the pandemic, and rental prices have risen by 35 percent.

Meanwhile, many communities are experiencing a glut of unused commercial space. The McKinsey Global Institute estimates that 20–25 percent of the workforce could work remotely in the future – four to five times more than before the pandemic – and downtown return to office is at 80% of pre-pandemic levels, according to IDA's *2026 Trends Report*. As workers leave city and town 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.

Converting unused office space 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 urban downtowns and small-town main streets remain vibrant centers of community activity and economic development. But converting empty office buildings into housing is costly, which makes it prohibitive in all but a few circumstances.

LEGISLATION

The bipartisan Revitalizing Downtowns and Main Streets Act (H.R. 2410) will help communities of all sizes convert unused commercial space into affordable housing and other uses that keep business districts prosperous.

Modeled after the effective and popular Historic Tax Credit, RDAMS provides a credit equal to 20% of the Qualified Conversion Expenses (QCEs) for converting obsolete commercial leasable space into residential properties.

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

Congress can help spur the revitalization of downtowns and main streets and incentivize the construction of more housing by passing the Revitalizing Downtowns and Main Streets Act.

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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