

# Pass Conversion Tax Credits to Revitalize Our Cities and Address Housing Needs

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Predictions that urban centers are in an inevitable downward spiral may be overblown, but legitimate concerns about their future prosperity certainly do exist. With smart policy, however, life in America's cities can continue to flourish.

Two concerns stand out: One is the lack of affordable housing in cities that also have high costs of living. Moody's Analytics released a [report](#) this year that shows that the annual production of new housing units is running approximately 100,000 below new housing demand, creating the largest shortfall of housing in nearly half a century. The lagging supply naturally contributes to more expensive housing.

Adding to the housing shortfall is the unavailability and cost of land, which the report's authors pinpoint as "the most significant impediment to building more affordable housing."

A second concern for urban living is the proliferation of empty office spaces created by the movement away from traditional work and toward remote work. COVID only accelerated this trend that had started before the pandemic.

This year, the McKinsey Global Institute [found](#) that up to 25 percent of workforces in advanced economies could adopt remote work without a loss of productivity. The draw of working from a home will be a perk that an increasing number of businesses offer to compete with other companies for talented workers.

Blight aside, unused office space represents lost potential where otherwise affordable housing or other economic activity could be taking place. The deadweight of obsolete buildings undermines the fiscal health of America's cities and leaves opportunity on the table to address the affordable housing shortage.

That's what makes the [Revitalizing Downtowns Act](#) an important solution to the challenges facing urban life in America today.

The bill — which was introduced this summer by Michigan Sens. Debbie Stabenow and Gary Peters and Reps. Dan Kildee (D-Mich.), Jimmy Gomez (D-Calif.) and John Larson (D-Conn.) — facilitates the conversion of unused office space into housing, commercial and mixed-use space by creating a 20 percent tax credit for conversion expenses. The bill also offers a credit of 25

percent for qualifying residential conversion projects that incorporate affordable housing. The legislation considers qualified buildings to be at least 25 years old.

This bill recognizes the reality that repurposing former office spaces is an expensive and arduous process. The costly undertaking is why over the past seven decades, only 313 office buildings have been [converted](#) into residential buildings with at least 50 units. Without an incentivizing tax policy like the one offered in the Revitalizing Downtowns Act, our cities will continue to be left with unused office space and housing shortages.

Obsolete office buildings should not be viewed as a drawback, but rather as an opportunity to jumpstart cities as economic centers and to provide the affordable housing that is so badly needed. Changes in the way we work call for adjustments, and repurposing city real estate to better meet the needs of citizens is the prudent path. Replacing vacancies with vibrancy benefits local small-business owners and bolsters local tax bases.

Congress should pass the Revitalizing Downtowns Act to provide vibrant commercial areas, address our country's affordable housing needs and ensure our cities are inclusive to underserved people.

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