



July 12, 2024

Dear Representative:

On behalf of the more than 21,000 members of NAIOP, the Commercial Real Estate Development Association, I write in strong support of the *Revitalizing Downtowns and Main Streets Act* introduced by Representatives Mike Carey (R-OH) and Jimmy Gomez (D-CA). I urge you to cosponsor this important bipartisan legislation designed to help cities, suburbs, and rural communities across our nation deal with the lasting effects of the COVID pandemic, while helping to increase the supply of affordable housing in those areas.

The *Revitalizing Downtowns and Main Streets Act* would help spur the conversion of older, underutilized commercial properties to residential use, including for much needed affordable housing, by providing a temporary tax credit to offset some of the costs of conversion that is a major barrier to repurposing these structures.

Many communities continue to struggle with the effects of hybrid and remote work patterns that arose during the pandemic but have become permanent fixtures of our labor markets. As a direct consequence of this shift to hybrid work, the vacancy rate for office buildings was nearly 20% at the end of 2023, the highest rate since 1979.

The decreased number of workers at city and suburban offices and the resulting reduced foot traffic hurts restaurants, retailers and small businesses that depend on daily workers for much of their business. As a result of the diminished economic activity and the lower property values of underutilized commercial buildings, the sales and property tax revenue that local governments need to fund services is reduced.

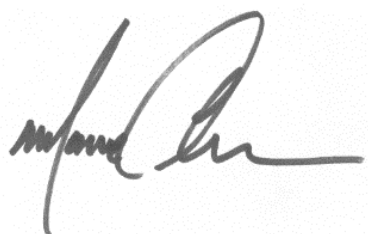
At the same time, there is a severe shortage of housing supply in communities across our nation. It is estimated that nearly 4.3 million more housing units must be built in the next 10 years to meet the demand for rental housing.

The *Revitalizing Downtowns and Main Streets Act* is designed to help address these problems. The legislation provides for a temporary tax credit to offset 20% of eligible conversion costs. Total credit authority is capped at \$15 billion and must be allocated on or before December 31, 2027. The credit is allocated to the states based on population. The bill uses the existing structure of state housing finance agencies to allocate the tax credits. Larger credits will be available for projects in rural areas, low-income census tracts, and economically distressed and hard-to-develop areas.

Adaptive reuse of older, underutilized commercial buildings can increase the supply of affordable housing and help restore economic vitality to cities and suburbs dealing with the impact of post-pandemic workplace changes on their local communities. Converting existing but underutilized commercial structures to housing can occur in urban, suburban, or rural communities because of the many different types of commercial developments, including office, industrial, retail, and resulting mixed-use. Additionally, repurposing of such buildings is environmentally sustainable compared to demolition.

NAIOP commends Representatives Carey and Gomez for their leadership on these issues, and their commitment to finding common-sense, bipartisan solutions that benefit all our nation's communities. We encourage you to cosponsor this important legislation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Marc Selvitelli', is written over a light gray rectangular background.

Marc Selvitelli, CAE
President and CEO
NAIOP