

Resolution No. 1

Date: 6/10/2023

City: Washington, DC

NAHB Resolution

Title: Tax Incentives to Convert Commercial Real Estate to Residential Use
Sponsor: Federal Government Affairs Committee
Submitted by: Eugene Graf IV

WHEREAS, repurposing unused or underutilized real estate for other uses, including residential housing, can both promote economic development and provide expanded housing opportunities;

WHEREAS, the United States faces a severe housing shortage of 1.5 million units;

WHEREAS, nearly 1 billion square feet of office space nationally is vacant;

WHEREAS, 34 cities have an office vacancy rate of at least 10 percent;

WHEREAS, repurposing such properties faces numerous challenges, including zoning, structural design, utility configuration, and acquisition costs;

WHEREAS, studies by Moody's Analytics, Up for Growth, Columbia University Business School, and other market-specific development groups determined that due to high costs and other development barriers, the vast majority of the available unused or underutilized commercial real estate is not viable for conversion;

WHEREAS, tax incentives are an effective means to enabling residential housing development when the market economics are not otherwise sustainable;

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders (NAHB) urge Congress to enact a federal tax incentive to encourage the repurposing of unused and underutilized commercial real estate to residential housing;

BE IT FURTHER RESOLVED that any federal tax incentive should allow for the conversion of a broad range of commercial building types to residential housing, including office buildings, schools, hospitals, hotels, warehouses, and other suitable building types;

BE IT FURTHER RESOLVED that any federal tax incentive should be able to be used in conjunction with other relevant tax incentives, such as the Low-Income Housing Tax Credit and the Rehabilitation Credit (i.e. historic tax credit), and it should cover a wide range of potential development costs, including partial demolition of existing structures.

Leadership Council Action:	Approved
Resolutions Committee Action:	Recommends Approval
Federal Government Affairs Committee Action: Taxation Subcommittee	Recommends Approval
of Federal Government Affairs Committee Action:	Recommends Approval
Multifamily Council Board of Trustees:	Recommends Approval