

Infrastructure, Housing, & Cities

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Safe and reliable infrastructure, the widespread availability of affordable housing, and financially healthy and active cities with the resources necessary to provide critical public services are foundational elements of a growing and prosperous economy.

The landmark Infrastructure Investment and Jobs Act is driving new and productive investments in our physical infrastructure. At the same time, with an underbuilding gap that exceeds 3.8 million housing units, the United States urgently needs more housing. Moreover, a post-pandemic failure to return to the workplace has weighed heavily on the health and well-being of cities.

Productive investments in real estate and infrastructure create spaces for families to live, businesses to operate, and individuals to come together. Higher property values mean more property tax revenue, the principal revenue source for local investments in roads, schools, public safety and much more. Supply-side solutions centered around removing regulatory barriers, promoting capital formation, and facilitating commercial-to-residential conversions are needed to address our current challenges.

The Roundtable has and will continue to champion federal policies that bolster the health of our cities alongside policies that aim to enhance housing availability to promote equity, resiliency, and job growth while modernizing our nation's critical infrastructure.

Return To The Workplace

The COVID-19 pandemic spurred the widespread adoption of remote work policies for both private and public sector employees. In many cases, these policies have remained commonplace even after the pandemic subsided. As a result, fewer employees have returned to the physical workplace, resulting in increased vacancies, decreased building valuations, and lost economic activity and tax revenue for cities and communities. Research has identified a dozen cities where the reduction in local spending as a result of remote work exceeds \$2,000 annually per teleworking employee.²³

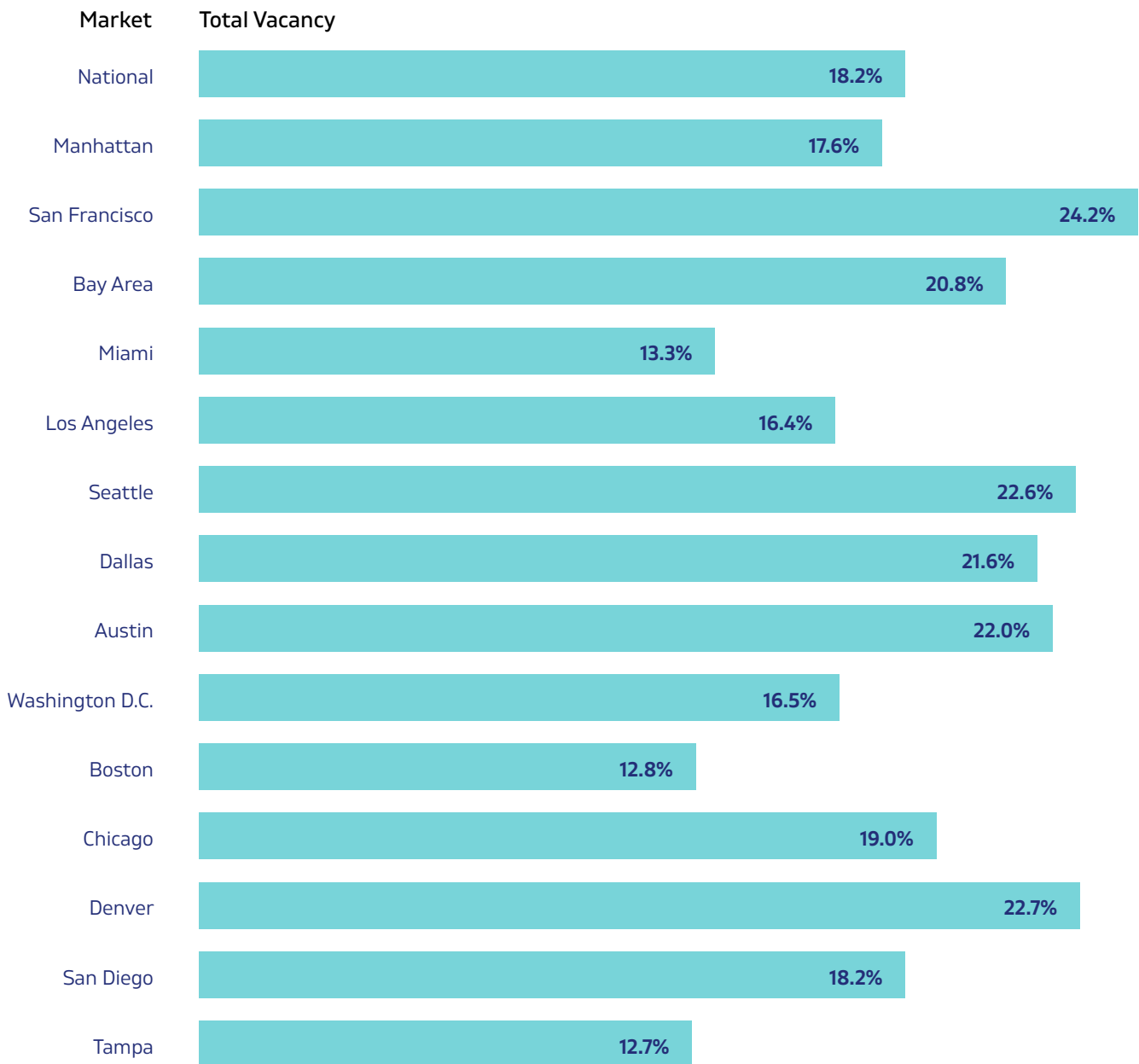
18.2%

As of Q1 2024, office vacancies reached a national average of **18.2%**.²⁴



Rep. Ritchie Torres (D-NY) discusses affordable housing and transit-oriented development with Roundtable members at RER's Fall Meeting.

Office vacancy rates in commercial real estate markets across the U.S. as of Q1 2024.²⁵



Source: Commercial Edge, National Office Report (2024)

The Roundtable has consistently urged the Executive Branch to lead the economy forward by suspending telework policies and returning federal agencies to their pre-pandemic workplace practices. Last year, the White House took steps to compel agencies to reduce their level of telework, but compliance has been inconsistent and more action is needed.

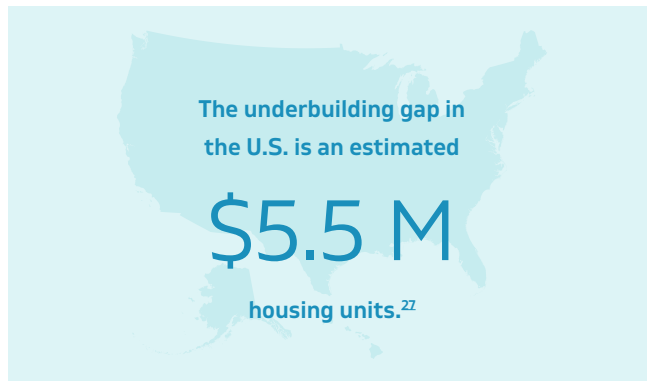
The Roundtable is a strong supporter of pending legislation to increase in-person work, including the House-passed *SHOW UP Act*, which would reinstate federal agencies' pre-pandemic work policies and the Back to Work Act in the Senate, which would set a general ceiling of 40% of days in a pay period for federal employee telework.

Affordable Housing

Across the country, there is a severe shortage of affordable and workforce housing. Supply constraints and restrictive state and local policies—such as rent control and restrictions on institutional investment in housing—exacerbate the problem.

Research indicates that an average of 40.6% of total development costs can be attributed to complying with regulations imposed by all levels of government.²⁶

The impact of this growing undersupply of affordable housing is far-reaching and undermines economic growth, particularly in urban areas.



A diverse and accessible housing sector is critical to the overall health of the economy. Expanding the supply of housing across the geographic and economic spectrum is essential for the vitality of the nation. As such, The Roundtable supports all initiatives to increase supply over the long term.

The Roundtable encourages policymakers to focus on policies that incentivize builders, developers, and owners to build more affordable housing for low- and middle-income tenants. Policies should encourage investment in housing and not be a disincentive to investment in housing.

LIHTC Fundamental tax incentives, like the LIHTC—regarded as one of the most successful public-private partnership programs in history—help increase the nation’s stock of affordable, workforce, and market-rate housing. Since its inception in 1986, the LIHTC has financed the development of nearly 3.85 million affordable rental homes, supporting over 8 million low-income households.²⁸

The Biden administration confirmed that affordable housing will be a top priority as the presidential election season approaches—President Biden’s FY2025 budget includes a proposed expansion of the LIHTC and a housing innovation fund to help communities build housing, renovate housing, and convert empty office space and hotels into housing. The Roundtable has long supported and will continue advocating for expanding well-designed, targeted tax incentives like the LIHTC, to boost the construction and rehabilitation of sorely needed affordable and workforce housing. Bicameral, bipartisan legislation such as the *Affordable Housing Credit Improvement Act* would help reduce housing costs by expanding the supply and affordability of rental housing.

Property Conversions



The Roundtable also supports other innovative policy solutions that can help dually address this gap and other persistent problems plaguing our cities today: an overabundance of underutilized office and other commercial space.

The COVID-19 pandemic and the rise of remote work have dramatically changed the landscape for offices and other commercial properties. Where appropriate, converting underutilized buildings to residential use can be a cost-effective means to develop new housing, create jobs, and generate critical sources of local property tax revenue while saving energy and reinvigorating communities.

However, while these projects are frequently discussed, only 15% of buildings are candidates for conversion and are often too costly to pursue.²⁹

Over the past year, The Roundtable has consistently urged policymakers at all levels, including the administration, to revitalize cities, boost local tax bases, and address market challenges by enacting incentives that encourage adaptive uses of older, under-utilized buildings. The Roundtable has even gone so far as to recommend actions the White House can take to support conversions—actions The Roundtable shared with the White House and our President and CEO Jeff DeBoer highlighted in his April 30, 2024, testimony in front of the House Oversight Subcommittee on Health Care and Financial Services.



President Biden, as a part of his plan to create more affordable housing, announced Roundtable-supported actions to support the conversion of high-vacancy commercial buildings to residential use through new financing, technical assistance, and the sale of federal properties. Actions include:

- Making conversion projects located near mass transit hubs eligible for low-interest financing under U.S. Department of Transportation programs, Transportation Infrastructure Finance and Innovation Act (TIFIA), and Railroad Rehabilitation & Improvement Financing (RRIF).
- Directing the General Services Administration to identify “surplus” federal properties that private developers may help to convert to housing.

Legislatively, The Roundtable has urged Members of Congress to create a robust tax incentive to help overcome the significant financial, architectural, and engineering hurdles associated with repurposing older commercial buildings as housing. The incentive should complement actions taken by state and local governments to encourage property conversions. The Roundtable is working with the House and Senate sponsors of the [Revitalizing Downtowns Act](#) to update and improve their bill, which would create a 20-30% tax credit for qualifying conversion costs. The credit is based on the highly successful historic rehabilitation tax credit and would apply to buildings that set aside 20% of their housing units for low- and moderate-income tenants.

Land Use and Permitting Reforms to Reach Housing and Climate Policy Goals

Excessive land use regulations hinder housing construction and worsen the affordability crisis. Aside from financial incentives, hastening the permit approval process must be a critical part of any policy package aimed at increasing the supply of affordable housing.

Zoning and land-use reviews are state and local government prerogatives, but Congress and the administration must do more to incentivize localities to adopt Yes-In-My-Backyard (“YIMBY”) policies that result in approvals of transit-oriented development. Whether grant dollars come from the U.S. Departments of Housing, Transportation, or some other arm of the Executive Branch, federal funds should be closely connected to local “value capture” techniques that capitalize on increased property values that typically accrue from high-density projects located near mass transit hubs. This year, thanks in part to the Roundtable’s advocacy, the [YIMBY Act](#) passed in the House to encourage more housing supply rather than subsidizing demand with financial incentives at a cost to taxpayers.

The Roundtable will continue to advocate for other policy solutions that help bolster the supply of affordable housing and ease the bottlenecks hampering improvements to our nation’s critical infrastructure. These include ongoing conversations about reforming the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac—the primary funding sources for housing in the U.S.—as well as supporting effective Public-Private Partnerships (P3s) like the low-interest-rate loan programs created by TIFIA.