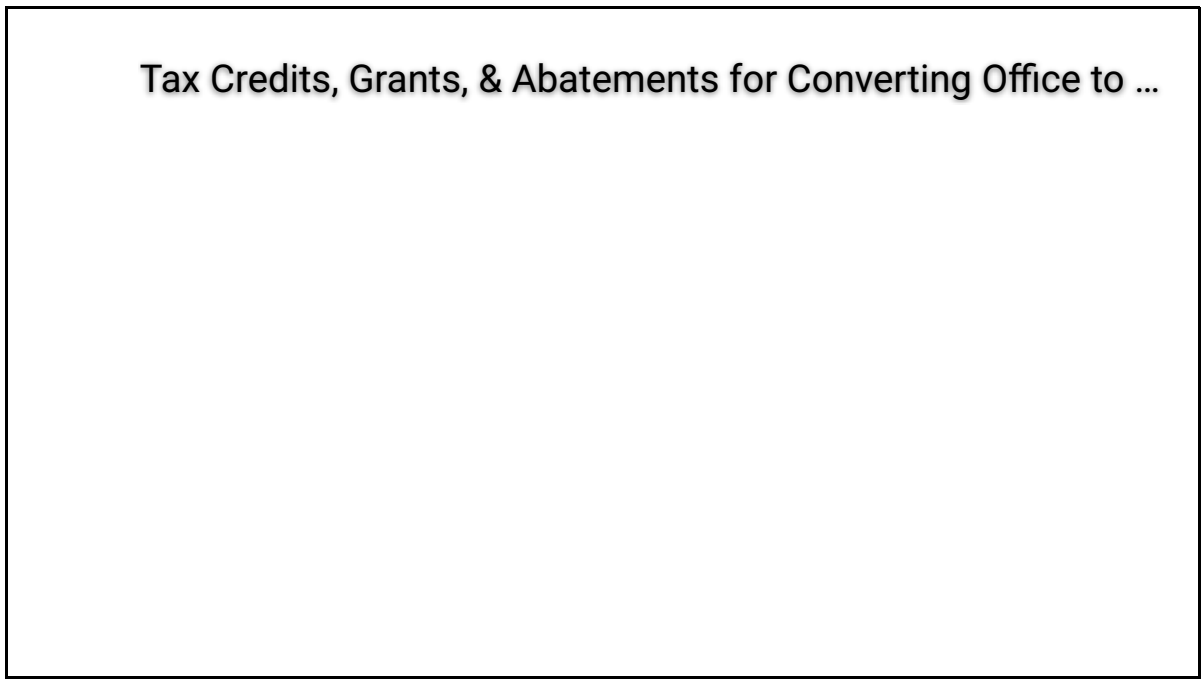
Tax Credits, Grants, & Abatements for Converting Office to Multifamily

Miami CRE Syndicated



The Discussion: Navigating the Challenges of Office to Multifamily Conversions: A Closer Look at Incentives

Introduction:

In a recent episode of "America's Commercial Real Estate Show," Guest Ron Gart with Seyfarth delves into the complexities and challenges of converting office properties to residential spaces. The conversation explores the current state of the commercial real estate market, particularly the struggles faced by office properties in certain markets. The focus then shifts to the incentives provided by governments, both local and federal, to encourage and support this transformation.

About Guest Ron Gart, Partner at Seyfarth:

The episode features Ron Gart, a partner at Seyfarth, a prominent law firm in the U.S., as the guest expert. Ron provides insights into the difficulties associated with office-to-residential conversions, addressing factors such as national vacancy rates, remote working trends, and distressed office loans. He emphasizes the broader impact on communities, including reduced tax income for municipalities and potential repercussions for surrounding businesses.

Government Initiatives and White House Guidelines:

Ron highlights the significant role governments play in addressing the challenges posed by distressed office properties. He specifically mentions the White House's recent release of a "Commercial to Residential Conversion Guidebook" on October 27th. This guidebook outlines existing federal programs, totaling 21, aimed at supporting developers, owners, and lenders in converting office spaces into residential units.

Incentives and Programs:

The conversation covers various incentives provided by governments, including tax abatements, tax credits, tax increment financing, and reductions in transfer taxes. Ron emphasizes the importance of zoning changes, especially in urban areas, to permit residential use. The guidebook

identifies programs such as rehabilitation tax credits, loan guarantees from the Department of Energy, and funds from the Department of Transportation for transit-oriented development projects.

Local Efforts and Grants:
Ron details the local efforts made by cities like Boston, New York, Chicago, Los Angeles, and Houston to incentivize office-to-residential conversions. These efforts involve grants, zoning changes, and pilot programs, all aimed at fostering affordable housing and revitalizing urban areas. The guidebook also outlines a range of grants, including a $10 billion grant from HUD, to support these conversions.

Closing Thoughts and Call to Action:
In closing, Ron stresses the urgency of addressing the conversion of distressed office properties to residential spaces. He emphasizes the need for a collaborative approach involving city planners, governmental bodies, and community members. Ron encourages stakeholders to explore and leverage the available incentives to mitigate the potential negative impacts on communities, tax revenues, and surrounding businesses.

Conclusion:
The episode sheds light on the evolving landscape of commercial real estate, with a particular focus on repurposing struggling office buildings around the country (not so much so in Miami). By examining government initiatives, incentives, and the White House's guidelines, the conversation provides valuable insights for industry professionals, developers, and community members grappling with the challenges of transforming office spaces into vibrant residential hubs.