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Commercial to Residential Assistance by the White House

On October 27, the Biden–Harris administration announced new initiatives across various governmental agencies to support and encourage the conversion of high-vacancy commercial buildings in downtown urban environments to residential use. The programs highlighted in the White House’s fact sheet include attractive funding opportunities for prospective developers and investors, as well as technological and process-driven assistance.

In an effort to inform both public and private developers, real estate investors, and owners of the financing opportunities available for qualifying commercial-to-residential conversions, the White House also released its [“Commercial to Residential Conversions: A Guidebook to Available Federal Resources.”](#) This guidebook summarizes over 20 federal programs across six general agencies, ranging from low-interest loans and grants to tax incentives.

Housing and Urban Development

Notable programs include the U.S. Department of Housing and Urban Development’s (HUD) Community Development Block Grant (CDBG) Program, which has already allocated \$10 billion to support pre-development, acquisition, and rehabilitation costs for conversion projects. HUD is also increasing outreach efforts to support municipalities and developers seeking to use HUD tools to finance conversions.

Empowering States and Localities

States and localities can now access up to five times their annual CDBG allocation in low-cost loan guarantees to fund projects such as the conversion of properties to housing or mixed-use development. HUD is also accepting applications from governmental entities for the \$85-million Pathways to Removing Obstacles to Housing program, which includes the development of adaptive reuse strategies and the financing of conversions as

eligible activities.

Investing Opportunities in Transportation

Investors looking for low-cost debt opportunities should be aware that the U.S. Department of Transportation (DOT) is offering \$35 billion of below-market loans for qualifying projects near public transportation through DOT's Transportation & Innovation Act (TIFIA) and Railroad Rehabilitation & Innovation Financing (RRIF) programs. Additionally, there's a push for transit agencies and the U.S. General Services Administration to sell real property to local governments, as well as nonprofit and for-profit developers, to promote more conversions.

DOT is releasing guidance that makes it easier for transit agencies to repurpose properties for transit-oriented development and affordable housing projects, including conversions near transit. Under the new guidance, local transit agencies may transfer properties to local governments, non-profit, and for-profit developers of affordable housing at no cost. The new policy has the potential to turn property no longer needed for transit into affordable housing development, particularly when combined with loans from TIFIA or RRIF programs.

In summary, the programs announced in October seek to provide increased housing supply, while in turn lowering the cost of housing to make it more affordable. To encourage action on these available programs, the DOT will be announcing new technical assistance programs that will connect interested persons with federal agencies, which will work to provide technical and financial guidance throughout the underwriting and conversion process.

For more information about these programs and how you and your business may participate, please contact the authors of this article or any attorney with Frost Brown Todd's [Public Finance Practice Group](#).

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