

Summary:

Adaptive reuse refers to the conversion of commercial real estate to residential. States attempting to implement adaptive reuse into broader affordable housing strategies have developed legislation focusing on three primary categories: adjusting legal definitions and zoning laws to facilitate development, establishing working groups and requiring plans from agencies to determine how adaptive reuse may be implemented, and providing tax credits or exemptions as well as direct funding to developers, primarily those who meet affordability requirements.

Zoning/Legal Definitions:

California ([A 529](#) – 2023) Expands definitions in the California Building Standards Code to include adaptive reuse. Also requires that the state fire marshal work with the Department of Housing and Community Development to draft building standards for adaptive reuse projects.

Maine ([S 526/LD 1289](#) - 2023) Allows for the conveyance of unfinished condominium units.

Oregon ([H 2984](#) - 2023) Prohibits local governments from requiring zoning changes or conditional use permits before allowing a commercial property conversion to residential, assuming conditions are met pertaining to location, town, etc.

Working Groups/Agency Plans:

California ([A 1490](#) - 2023) Requires that the Department of General Services develop a streamlined plan to transition underutilized multistory state buildings into housing for the purpose of expanding affordable housing development and adaptive reuse opportunities.

Maryland ([S 764](#) - 2021) Establishes a working group to study the conversion of vacant/underutilized commercial spaces to residential, mixed use, and commercial spaces in an effort to increase affordable housing.

Financial Incentives:

California ([A 1695](#) - 2022) Allows the Department of Housing and Community Development to provide funding for adaptive reuse projects.

Connecticut ([S 1240](#) – Sec. 6 - 2023) DECD administers a tax credit program for projects rehabilitating commercial office buildings within distressed municipalities. Rehabilitation must involve conversion to residential or mixed-use buildings. The potential tax credit increases assuming requirements such as being in a federally designated opportunity zone or being made up of 10% affordable units are met.

Indiana ([H 1005](#) – 2023) Established the Residential Housing Infrastructure Assistance Revolving Fund. A priority ranking system would be utilized when allocating loans from the fund. Project priorities include those that have voluntarily revised unified development ordinances, zoning regulations, or other land development rules to allow for adaptive reuse of commercial buildings for residential use.

Maine ([S 190](#) & [H 799](#) - 2022 & 2021 respectively) Allows funding to adaptive reuse projects through the Maine State Housing Authority through the Housing Opportunities for Maine Fund.

Maryland ([H 150](#) & [S 166](#) – 2023) Allows funding for adaptive reuse projects through the Department of Housing and Community Development.

New York ([S 5080](#) – 2023)

- In New York City (Part A): Expands the range of buildings that would be eligible for conversion to residential properties. Converted properties that meet a 20% affordable unit standard will be exempt from property taxes.
- Outside of New York City (Part B): Allows municipalities outside of the city to adopt the property tax exemption for converted properties.

([SB 2504](#) – 2021) Allocated \$100,000,000 in the state's capital projects budget for an adaptive reuse affordable housing program. The funds will be used to finance the conversion of commercial and hotel properties in New York City into affordable housing.

Wisconsin ([S 295](#) - 2023) Creates a fund which will award loans to developers who wish to convert vacant commercial buildings to residential developments consisting of workforce or senior housing.