



## Adaptive Reuse of Commercial Space for Housing

For additional information please contact Cameron Rifkin, Policy Associate, Children and Families Program, [cameron.rifkin@ncsl.org](mailto:cameron.rifkin@ncsl.org)

### Background

Working remotely has become more common since the COVID-19 pandemic. Between 2019 and 2021, the number of people working from home [tripled](#). This has resulted in a larger number of vacant commercial spaces in major cities throughout the United States. Recent [data](#) suggests that office occupancy rates in the 10 largest metro areas continue to hover around 50% during non-federal holiday periods. As commercial units remain empty, policymakers have explored ways to utilize this unused space for affordable housing.

Affordable housing is in short supply in the United States with [over 7 million](#) homes needed for families living in extremely low-income households. Additionally, over 11 million renters are cost-burdened and spend more than 30% of their household income on rent. [Adaptive reuse](#) is the conversion of buildings to accommodate new uses and is one strategy legislators can employ to potentially bolster affordable housing supply. [Components to consider](#) for adaptive reuse projects include costs, number of affordable units being added to the housing supply, and the amount of time necessary to convert commercial space into housing.

### Enacted Legislation

**California** ([A 2592, 2022](#)) requires the Department of General Services to develop a streamlined plan to transition underutilized multistory state buildings into housing for the purpose of expanding affordable housing development and adaptive reuse opportunities.

**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.

**New York** ([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 permanent affordable housing.

Compiled by the National Conference of State Legislatures, July 2023

Please note: links to external websites and reports are for informational purposes only and do not indicate NCSL's endorsement of the content on those sites.



## Adaptive Reuse of Commercial Space for Housing

**Maine** ([SB 190, 2021](#)) requires the state's Housing Authority to use 25% of funds transferred to the Housing Opportunities for Maine Fund to support the creation of new affordable housing units through construction or adaptive reuse.

**Maryland** ([SB 764, 2021](#)) established the Workgroup on Adaptive Reuse of Vacant Commercial Spaces to study the potential for conversion of vacant or underutilized commercial spaces into residential, mix-use, and commercial spaces in order to increase the affordable housing stock in the State.

**Maryland** ([HB 150, 2023](#)) also provides financial assistance through the Department of Housing and Community Development to reuse, retrofit and repurpose existing buildings into affordable multifamily housing.

### Pending Legislation

**California** introduced legislation ([A 1490, 2023](#)) to more specifically define adaptive reuse and require local governments to provide an adaptive reuse affordable housing project that guarantees 100% of units be made reserved for lower income households more specifically. Additionally, a specified percentage would be reserved for extremely low-income households or very low-income households.

### Local Examples

**Denver, Colorado** allocated \$75,000 of its [2023 budget](#) to study the feasibility of converting up to 30 high-rise office buildings into affordable housing. Current owners of commercial properties that wish to have their space converted can apply with the city who will consider several factors including floor plate sizes, access to nearby transit and current mechanical systems.

The **District of Columbia** established the Housing in Downtown program that offers a [20-year tax abatement](#) for properties that are converted into the development of at least 10 housing units. In order to qualify, the property must have at least 15% of units reserved for families earning 60% of the median income.

**Los Angeles City Council** is considering updating a [local ordinance](#) to provide financial incentives and broader eligibility for adaptive reuse projects.

In **New York City**, the Office Adaptive Reuse Task Force released a [study](#) recommending regulatory and zoning changes that would bolster opportunities for converting office space into other uses, particularly housing.

Compiled by the National Conference of State Legislatures, July 2023

Please note: links to external websites and reports are for informational purposes only and do not indicate NCSL's endorsement of the content on those sites.