

# Cubicles to Condos

## Office-to-Residential Adaptive Reuse!



*Image Generated by A.I*

As New York City continues to grow, so too does the need for more sustainable infrastructure that addresses the shifting dynamics of urban living. While conventional redevelopment strategies prioritize immediate economic gains, there is a growing need for sustainable office adaptive reuse to address long-term environmental and social concerns. Efforts have already begun through organizations such as the NYC Office Adaptive Reuse Task Force, which called for legal and regulatory reforms to increase productive conversions that may enable new homes for as many as 40,000 New Yorkers within the next 10 years (Office Adaptive Reuse Study). Despite this, proponents may suggest that funding for such initiatives may not be as significant in the long-term and detract from urgently needed economic stimulus efforts. However, office reuse has multifaceted benefits that address New York City's evolving urban landscape. By reallocating funds from the Inflation Reduction Act to sustainable office reuse projects, New York municipalities can cut carbon emissions, boost energy efficiency, and promote social equity; this approach repurposes existing structures, creating jobs, affordable housing, and public spaces, all while conserving resources and preserving urban character.

In the heart of midtown Manhattan lies an overlooked multibillion-dollar problem for New York's building owners and residents. Blocks of decades-old office towers sit partially empty, too outdated to meet the current needs of tenants yet too new to be demolished, with nearly 96 million square feet of unused office space (New York Times). With the "pandemic-induced" shift to remote work, vacancy rates are up 16% in New York and 27% in San Francisco and increasing (Loh et al., 2023). This aggressive increase in office and building vacancies has harsh environmental and economic implications for countless major cities. In the U.S, buildings' energy consumption is more than 40 percent of the nation's total, with 19 percent accounting for energy-related greenhouse emissions worldwide (Hawken, 102). Moreover, nearly 80 percent of this energy consumed is wasted as a result of the unnecessary use of the electric grid and natural gas lines used to heat the building (Hawken 103). Subsequently, the growing environmental

impacts of energy waste have created the need for more green planning in future buildings, but more importantly, retrofitting current buildings which hold the greatest potential for energy reduction.

“More than \$1 trillion in energy savings over ten years – equal to 30 percent of the country’s annual spending on electricity” (Hawken 103). Sustainable office adaptive reuse holds major economic and environmental promise, offering the potential to stimulate job creation and mitigate the climate impact of energy consumption. For instance, the Empire State building will save \$4.4 million in energy costs and avert more than 100,000 tons of greenhouse gas emissions (Hawken 103). With more than 8,000 buildings over 500,000 square feet across the United States much like the Empire State building, there exists a significant opportunity to enhance energy efficiency and reduce expenses through similar measures (Hawken, 103). Furthermore, in the process of retrofitting and reusing vacant office spaces, nearly 3.3 million cumulative job years of employment and national emissions cut of 10 percent would become possible (Hawken, 103). Recognizing this immense potential, prioritizing investment, and allocating funds from Governor Hochul’s Inflation Reduction Act in sustainable office adaptive reuse initiatives becomes imperative. Although it will initially divert funds, preliminary results show that the return on investment can be reached in as little as four years (Hawken, 103).

The end of the COVID-19 pandemic ushered another crisis, this time concerning housing, as communities dealt with the repercussions of economic downturn and inflation. Currently, nearly half of American families spend 30% or more of their gross income on housing (Sweeney, 2021). Sustainable office reuse projects serve as an environmentally and cost-effective method of addressing housing crises across the United States. One successful project that showed the upside is 180 Water Street in New York City, a 457,000 square foot building converted into 580 apartments (HUD USER, 2023). With more than 77,000 adaptive reuse apartments eligible for the conversion process across the U.S, office adaptive reuse can address the burning need for

affordable housing (HUD USER, 2023). Furthermore, the Biden-Harris Administration's Housing Supply Action Plan highlights zoning reform to reduce regulatory barriers and investment and construction of affordable housing in downtown areas (HUD USER, 2023). Moreover, as shown in Figure 1, across the 45 largest U.S. downtowns by job count, there is a strong positive correlation between downtown job market share and downtown population share (Loh et al., 2023). These numbers suggest downtowns do better as job centers when they have more people living in and around them, meaning additional housing would double as an economic plus (Loh et al., 2023). The Biden-Harris policy coupled with allocated funding from Hochul's Inflation Reduction Act, has the potential to lay the groundwork for achieving social equity and advancing the creation of affordable housing options for the millions of citizens facing the burden of rent prices that grow faster than their income levels.

FIGURE 1

### Housing strengthens demand for offices rather than replacing it

Regional shares of population and jobs, top 45 US downtowns by size (jobs), 2019



Source: Brookings analysis of 2019 LEHD Survey and 2020 Census

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Figure 1. <https://www.brookings.edu/articles/myths-about-converting-offices-into-housing-and-what-can-really-revitalize-downtowns/>

Despite the benefits of sustainable adaptive reuse, proponents voice possible economic concerns about diverting funds from the Inflation Reduction Act, arguing the short-term setbacks. For example, office-to-residential conversions would account for a small share of needed housing in some cities. A recent estimate shows that Denver needs between 13,148 and 30,930 more housing units to meet demand, with convertible office buildings offering only about 1.5 million square feet of space, or 1500 apartments, this being just 11% of the low-end demand. Moreover, the conversion processes require significant public funding, with conversions costing as much as \$472,000 to \$633,000 per unit (Loh et al., 2023). However, direct financial subsidies such as the Calgary Incentive Program provide \$75 per square foot to convert offices into housing, Philadelphia's prior 10-year tax abatement converted 8.2 million square feet from over 40 office buildings, addressing 54% of need in Center City between 2000 and 2020 (Loh et al., 2023). While there may be immediate pressures for economic stimulus, investing in sustainable infrastructures enables long-term economic prosperity that can be mirrored in New York.

Overall, by reallocating these funds towards adaptive reuse, New York can stimulate economic growth through the creation of job opportunities, revitalization of facilities, increasing property values, and cutting costs of new construction. Moreover, reuse promotes social equity and community inclusivity through its implications in affordable housing and recreational spaces. Therefore, rather than detracting from rather short-term economic benefits, prioritizing sustainable office reuse represents strategic investment into New York City's long-term environmental, economic, and social well-being.

## Works Cited

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