

April 21, 2024 - **RESOLUTION REAL ESTATE PARTNERS LLC** IN THE NEWS - By Lois Weiss

## Developers want to convert unused offices into housing — here's what's stopping them



Office to resi conversions are still rare but buildings like the Flatiron and 222 Broadway are making the leap.  
Helayne Seidman, Getty

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Conversion projects are hugely complex, expensive, time-consuming and are stymied by both city and state zoning and regulations. And without gobs of government assistance, the numbers don't equate to cheap rentals.

Just look at Slate's now underway conversion of the Hilton New York JFK Airport. Although the area was not conducive to pricey condos or market rents, thanks to a new program with financial and tax breaks, it will have 100% affordable housing with support services, said Ariel Aufgang, AIA, principal of Aufgang Architects, who designed the conversion. Without that government assistance, the Hilton would have sat empty.

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Other issues include snaking water pipes and waste lines from those clustered at the core of office buildings. "If your building is wide open and empty, there is a clear path," explained **Gerard Nocera** of **Resolution Real Estate**. "But if you have tenants with long-term leases, to rework your core with existing tenants is an impossibility."

Lenders must also approve the change of use as it is contrary to mortgage documents.

For now, most conversions are expected to take place in slender and vacant old buildings and those with tenants just on the lower floors. *For more, please click on link above.*