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Adaptive Reuse Challenges and Opportunities in California

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Introduction

Many consider the conversion of commercial properties into residential developments a promising strategy for addressing California's ongoing housing challenges. The COVID-19 pandemic has only increased attention on the commercial property landscape: office vacancy rates in the second quarter of 2021 were in the double digits across the state's major metropolitan areas, ranging from 14.3 percent in San Diego to 20 percent in San Francisco.[1] Empty office buildings and strip malls might seem like perfect opportunities for conversion to housing, especially when those properties are widely distributed throughout the state.[2] However, as we show in "Strip Malls to Homes," commercial conversions are relatively rare,[3] and they are more likely to entail demolition and new construction than the adaptive reuse of any existing structure.

Still, increasing the ability of developers to adapt older buildings to new housing offers a potential solution to meeting both housing supply and environmental sustainability goals. By some estimates, 8,000 to 16,000 new homes could be built in the City of Los Angeles if only 10 percent of the city's total 155,000,000 sq. ft. of office space was converted to housing.[4] And there is evidence that local policies can promote adaptive reuse projects. For example, Los Angeles's 1999 Adaptive Reuse Ordinance has been credited with facilitating more than 14,000 new units converted from underused office space.[5]

This brief focuses on existing knowledge and best practices in the field of adaptive reuse and aims to demystify what it takes to successfully convert commercial buildings to residential uses. Through an analysis of existing literature, interviews, and case studies of three adaptive reuse projects in California, we present an overview of the barriers and opportunities presented by adaptive reuse strategies. We focus on adaptations of larger-scaled buildings such as multi-story offices and department stores, as they have the greatest potential to achieve the benefits of commercial to residential adaptive reuse over new construction.

The research shows that while adaptive reuse can lead to both market-rate and affordable housing development, it is far from a panacea for creating new supply. Adapting existing commercial buildings to residential developments tends to be more expensive than new construction, particularly when unexpected expenses (e.g., seismic retrofitting or environmental remediation) are taken into account. The structure of the existing building also determines the feasibility and cost of conversion, meaning that not every commercial property will be a good candidate for redevelopment. Buildings with specific architectural characteristics, such as shallow floor plates, generous exterior exposure, or unique building features, are especially conducive to adaptive reuse. Finally, jurisdictions can support adaptive reuse projects by enacting local ordinances that help to streamline approval processes, reduce parking requirements, and clarify building code requirements.

Findings

Residential buildings on commercially zoned land can take multiple forms, such as a new development on an empty lot, a teardown replaced with new construction, or an adaptive reuse approach where parts of the original building are preserved. While adaptive reuse can refer to different types of redevelopment, in general, the term is used to distinguish projects that satisfy the following four criteria: (1) existence of a structure to be reused, (2) functional and/or economic obsolescence of the existing building, (3) change of use, and (4) economic viability of the new project.[6] Adaptive reuse is of particular interest to policymakers, since it can offer the opportunity to supply new housing at a lower price point with a quicker development timeline. In addition, adaptive reuse can help meet climate-related goals.[7]

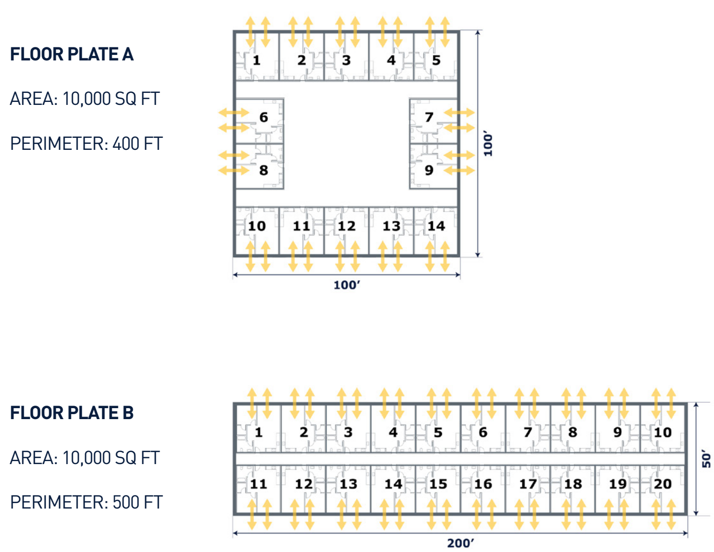
However, the potential of adaptive reuse is contingent upon numerous different factors, including architectural considerations related to the existing structure, political and legislative constraints, and issues surrounding economic feasibility. We review each of these dimensions.

Architecture and Building Design

One of the most important factors influencing the potential for adaptive reuse is the original building design and footprint, which determines both the number of units that can be built on the site as well as the suitability of those units for residential use.

One of the fundamental hurdles to surmount in adaptive reuse is the difference in light and air requirements between commercial and residential uses. Though exceptions exist, California Residential Code generally requires that natural light and ventilation be provided in habitable rooms.[8] The amount of light and ventilation that habitable spaces receive from outside of the building is dictated by its floor plate, which refers to the size and shape of the floor, and thus influences its total area and perimeter (Figure 1).

Figure 1: Diagram Comparing Different Floor Plates with Typical One-Bedroom Units Laid Out for Reference



Note: Even with the same area, one floor configuration has more perimeter length and therefore better exterior exposure to light and air for residential units than the other, leading to a more efficient floor layout.

Residential uses require more exterior exposure than the traditional commercial office. Consequently, if the existing floor plates are too deep, the conversion becomes tricky and costly.

In addition to having different light and air requirements, commercial buildings tend to be bulkier than residential structures, which can require additional redesign (Figure 2). Typical double-loaded residential floor plates (meaning individual units line both sides of the building's corridor) span around 60 feet in width, while typical office buildings cover much greater distances.[9] This means that while a typical residential building has 25 to 30 feet between the corridor and an exterior wall, a typical commercial building has 40 to 50 feet between the inner core that services the structure (such as elevators and stairs) and any exterior wall. Various techniques exist to utilize the space that results from this mismatch, such as creating extra deep units or cutting lightwells/atriums in the interior depths, but these architectural changes have significant effects on the cost and marketability of the units.

Other commercial building characteristics can also require more extensive redevelopment. For instance, vertical support elements (such as the elevator, stair core, or mechanical shafts) may need relocation for more efficient unit layout. Even in cases where only minimal reconfiguration of vertical circulation elements is proposed, residential uses come with more intense plumbing, mechanical, electrical, and HVAC system requirements that often result in a complete "gut job" of the building.[10]

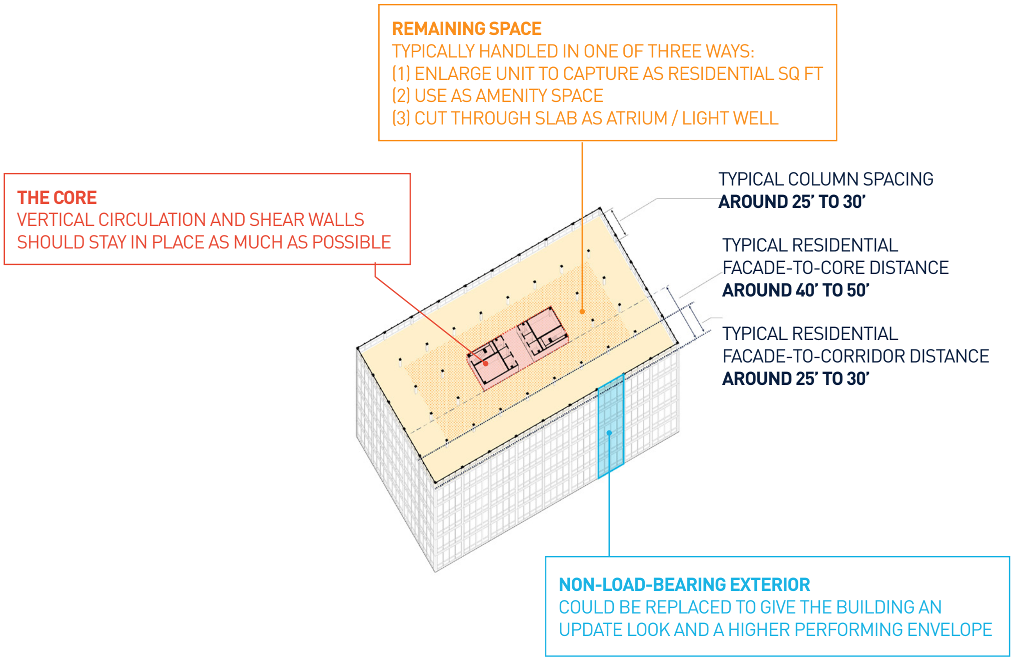
Yet, some building features typical of commercial properties present less of a barrier to conversion. For example, the exterior walls of commercial buildings, especially those built from 1950s onwards, tend to not bear any load from the structure. This allows more freedom to retrofit the facade to improve building performance, such as increasing thermal insulation or controlling for heat gain and visual glare from direct sunlight.

Bringing the existing building up to current residential health and safety standards presents a significant barrier to commercial to residential adaptive reuse, and hazards are not always evident at the project start.

Commercial properties, particularly older structures, often require major health and safety upgrades to meet seismic, fire safety, or indoor air quality standards. The Mint in Downtown Los Angeles, for example, had to accommodate new structural elements, such as concrete shear walls, coupling beams, and foundations in its seismic retrofit. The Mint's retrofit was further complicated by the discovery of an undocumented fill under the building, which required all new foundation work to be deeper than 6 feet under the existing finished grade elevation per the code requirements.[11] This kind of unanticipated complication is not necessarily uncommon, given that the soil conditions grounding the foundation and the material conditions of a building's structure are often difficult to assess before the beginning of construction.

Adaptive reuse projects also often demand the removal of hazardous materials from the existing building, most commonly asbestos and lead paint. In the case of Tapestry on the Hudson—a $22.3 million conversion of an 1899 textile factory to an affordable and supportive housing development in Troy, New York—the developer found traces of mercury that had leaked

Figure 2: Diagram of a Typical Postwar Office Building Floor Plate with Spatial and Structural Elements of Concern Annotated



from the old gauges and thermometers.[12] Typical contingencies, like hiring special environmental contractors or paying for remediation, often cause delays and additional expenses.

Traits typical of commercial buildings—such as architectural detailing and taller floor-to-ceiling heights—are marketable and can help with financial feasibility in adaptive reuse development.

In considering spatial configuration and architectural detailing, adaptive reuse affords developers the ability to incorporate elements from the previous building, such as larger communal spaces and high-quality floor finishes.[13] These qualities serve as marketable traits that allow developers to charge more for the units, which is often needed to cover the more expensive costs and contingencies associated with adaptive reuse. However, these same qualities can work against affordability goals.

Projects can leverage historic tax credits to defray the cost of retaining these features. In the redevelopment of the former Hahne & Co. department store in Newark, New Jersey, the developer reached an agreement with the National Park Service to completely restore the central Grand Court of the building and receive in turn the historic tax credits.[14] The historical restoration not only unlocked a new source of funding but the preservation of the building also became a unique asset that served as a selling point for retail tenants. It also allowed for the preservation of a large community gathering space for the residents of the building

Commercial buildings also typically have taller ceiling heights than the average residential development, which result in airy, loft-like spaces that can make the units particularly attractive for potential residents. For postwar concrete/steel frame structures, large column spans of around 25 feet allow for greater degree of freedom for the architect to lay out units on the floor. The Santa Ana Arts Collective (see page 15 for case study) took advantage of tall floor-to-ceiling heights to create housing units specifically tailored to artists. The socially minded mission helped secure buy-in from the city and the community members in downtown Santa Ana, both of whom had been interested in revitalizing the downtown core by forming an arts and culture district there.

Land Use and Entitlements

Adaptive reuse projects can lead to faster building approvals, particularly in places where new development is tightly regulated.

Repurposing an existing building—especially if it is empty or is seen as a source of blight—can help bypass neighborhood opposition that otherwise may mount against a new construction project of similar scale. Adaptive reuse can also help facilitate the production of large, multifamily projects in places where a similar new construction development would have difficulty passing through the entitlement process. For example, in the case of Cordell Place, a supportive housing development in Bethesda, Maryland, the developer and nonprofit partner were able to avoid opposition from the neighbors because the conversion garnered less attention than new construction would have.[15] In comparison, a proposal to build new permanent supportive housing just six blocks away from Cordell Place faced seven years of community opposition and negative press coverage, leading to significant delays and cost escalation.[16]

Local policies that simplify and clarify planning and building codes can help to increase the viability of adaptive reuse projects.

Some jurisdictions put in place zoning and planning ordinances that anticipate and support adaptive reuse. The 1999 Adaptive Reuse Ordinance in Los Angeles, for example, has been effective in spurring more conversion projects, including the Broadway Lofts property (see page 12 for case study). The ordinance includes four provisions that are particularly important in facilitating adaptive reuse projects: (1) allowing by-right use changes without triggering California Environmental Quality Act (CEQA) requirements or discretionary approvals, (2) not requiring buildings to provide any net new parking, (3) allowing a one-story addition on the roof by right, and (4) adding new building codes specific to adaptive reuse projects that clarify building code requirements.

Streamlining approvals and minimizing parking requirements can significantly increase the feasibility of adaptive reuse projects by reducing risk and costs of conversion. Reducing parking can lead to an increase in the number of units that the project can support. In the Santa Ana Arts Collective development, the developers were able to convert extra parking spaces into residential square footage. Not requiring additional parking also eliminates a barrier to adaptive reuse projects, especially within dense urban areas with no physical space to locate any new parking stalls.

Local adaptive reuse ordinances can also waive locally imposed building code requirements or enable discretion in interpretation of state building code requirements. The California Existing Building

Code (CEBC) governs the structural capacity, life-safety system, and environmental performance requirements for adaptive reuse projects. The CEBC has strict compliance requirements, which can serve as a barrier to conversion and offers limited flexibility for architects and engineers. The state could support more adaptive reuse projects by providing technical guidance or training in inspections, as well as by making revisions to the CEBC and/or to the California Residential Code. Providing more flexibility and added clarification in the building code can help lessen risk and reduce the costs associated with adaptive reuse.[17]

Economic Feasibility

Although it may appear that adaptive reuse would be cheaper than new construction, the literature and case studies suggest that this is not always the case. Two of the projects we profile—The Pacific (see page 9 for case study) and Broadway Lofts—were redeveloped into higher-priced units in order to cover the costs of conversion. The Santa Ana Arts Collective, a 100 percent affordable project, was made possible through both Low-Income Housing Tax Credit (LIHTC) financing and support provided by the city of Santa Ana.

There are numerous circumstances where demolition and new construction may be cheaper and yield more supply than adaptive reuse. For example, if the contemporary zoning code allows for denser development than what could be built within the existing building envelope, tearing down and building to current allowable densities/heights would be more feasible. Properties located in neighborhoods with high demand can also provide the economic motivation to replace an existing building with a larger structure with more rentable or saleable square footage. Areas where commercial square footage commands higher rent or sales prices than residential square footage will also dissuade the developer from pursuing conversion or adaptive reuse. On the other hand, adaptive reuse can help revitalize commercial corridors. With federal, state, and local subsidies, it can serve as a means to create affordable housing in neighborhoods that are either gentrifying or resistant to new supply.

Conclusion

Adaptive reuse of underutilized commercial buildings has the potential to provide quality, infill residential units, particularly in places that lack vacant sites for new housing developments. Each property is unique, and there are factors that can work for and against adaptive reuse as a strategy (Table 1). In evaluating whether a given building may be a good candidate for a residential conversion, it is hard to overstate the importance of the original architectural layout and building systems. Generally, a narrow building layout that offers ample exposure to natural light and air works best, and higher quality architectural detailing and finishes render the final product more marketable. Given that these conditions are not always present, reconfiguring the building's structure and its life-support systems to bring it into compliance with current residential code may introduce uncertainties and cost to the development. Although adaptive reuse may only have narrow applications, policies that minimize uncertainties—such as clarifying building code requirements, expediting the permitting process, and removing parking requirements—can help expand its role in meeting housing goals.

Table 1. Summary of Adaptive Reuse Findings

Category	Factors Which Work *For* Commercial-to-Residential Adaptive Reuse	Factors Which Work *Against* Commercial-to-Residential Adaptive Reuse
Architectural	• Shallow floor plates (i.e., less distance between corridor and edge of building), since they require natural light and air and therefore more exterior exposure than commercial uses. • Existence of significant architectural detailing and/or historic character (such as exposed weathered brick), which become marketable traits for the final residential product. • Large enough building footprint: needs to yield at least around 50 units in order for the development to pencil.	• Deep floor plates, which require cuts through the center of the floor plate to create lightwells/atriums or relocation of building core and services. Both require significant costs. • Buildings with completion dates before the 1980s, which will likely contain environmentally hazardous materials. • Deteriorating building materials (such as roof membranes and insulation or other obsolete systems), which may no longer meet current energy standards.
Land Use and Entitlements	• Special zoning ordinances, which can streamline the approval of adaptive reuse projects and clarify the legal process. • Such zoning may be especially advantageous in areas with a history of opposition to new housing. Renovation and reuse of an existing building may attract less opposition than ground-up construction. • Allowances for lowering parking space requirements or grandfathering in existing spaces.	• Stricter oversight and restoration requirements could be triggered if the existing building is deemed historically significant. • Lack of flexibility in the California Existing Building Code (CEBC), which prescribes strict performance standards and dimensions of building elements—regardless of the particularities of each existing building.
Economic	• Existing parking spaces could become reappropriated as revenue-generating square footage for additional residential units or ground-level retail.	• Underdevelopment of the existing parcel compared to what is allowed by zoning code. This would make tearing down and building to current allowable densities/heights—as opposed to adaptive reuse—more financially feasible. • Location in a high-demand area, which provides economic motivation to replace the existing building with a larger structure with more rentable or saleable square footage. • Greater uncertainty around construction costs.

Case Study: The Pacific

Architect: Handel Architects

Developer: Trumark Urban

Location: 2121 Webster Street, San Francisco, CA 94115

Neighborhood: Pacific Heights

Original Building Use: Medical Offices

Conversion Type: Condominiums

Total Number of Units: 76 Units (66 in Adaptive Reuse Building + 10 Townhouse Units)

Parking: 98 Spaces

Total Building Area: 230,000 sq. ft.

Cost: $120 million

Original Building Completed: 1967

Adaptive Reuse Completed: 2017

Introduction

Originally constructed as a medical office building for the University of the Pacific's Arthur A. Dugoni School of Dentistry, the 1967 concrete-frame building at 2121 Webster Street in the Pacific Heights neighborhood of San Francisco was redeveloped as a market-rate condominium tower in 2017. The project consists of two parts: (1) the main building, which went through an adaptive reuse process and (2) a set of 10 condominium townhouses built on the existing surface parking lot (Figure 3). The 230,000 sq. ft. main building, sitting at the corner of Sacramento Street to the south and Webster Street to the east, stands 9 levels tall, hosting 66 residential condo units with 2 basement levels accommodating 98 parking spaces.

The original building by Skidmore, Owings & Merill was built as a concrete-frame structure with a precast concrete

Figure 3: Site Plan of 2121 Webster Street

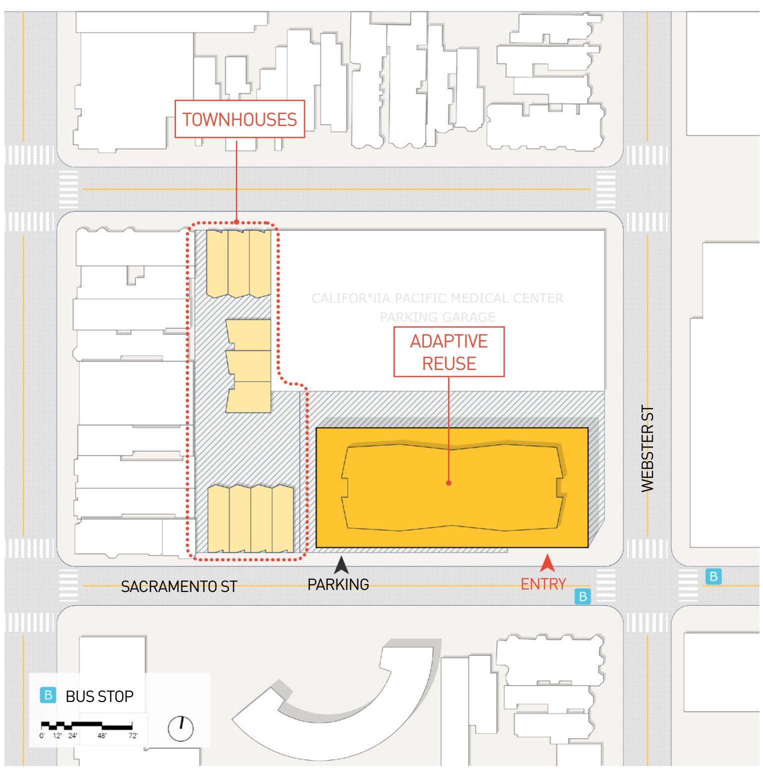
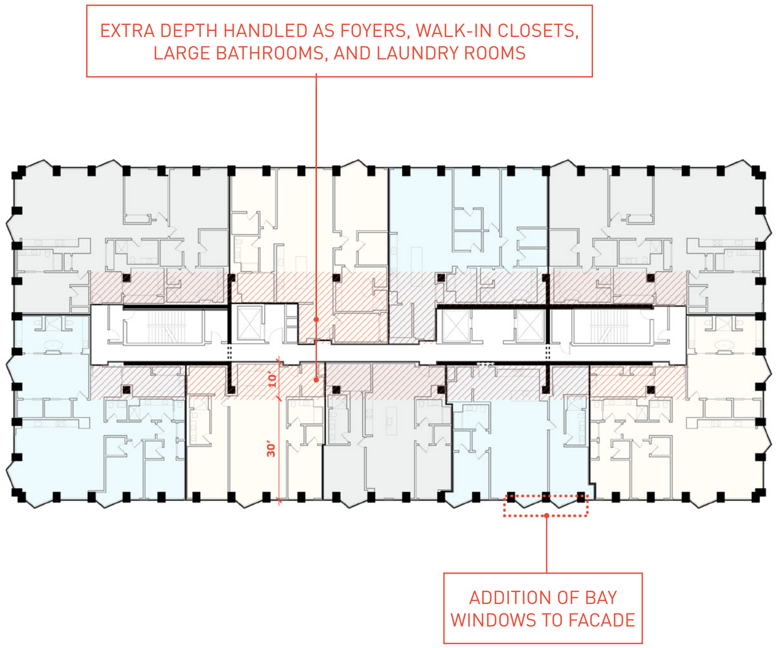


Figure 4: Typical Floor Plan of 2121 Webster Street



facade. For the purposes of entitlement the building was deemed non-historic, a determination that allowed the design and development team to completely strip the building down to its structure and replace its interiors, building systems, and facade. The intensive work required for the redesign pushed the economics of the project toward high-end luxury condominiums.

Opportunities

One of the factors that made adaptive reuse the more favorable option over the demolition-and-rebuild scenario was concern that new construction would face a lengthy entitlement process. The development team believed that getting approvals for a building this size would be "impossible," given the neighborhood's history of anti-development opposition and the San Francisco Planning Department's long approval timelines.[18] The design and development team found the neighbors in favor of the adaptive reuse, in part because repurposing the development from its former function as a dental school to a market-rate residential use would significantly lower traffic and parking demands in the neighborhood.

The building's architectural features also made it conducive to conversion. Because of its location in a dense urban core, the floor plate depth from the core to the edge measures only around 37 feet—less than the more typical 45 to 50 feet common to commercial buildings (Figure 4). The building features floor-to-floor heights of around 13 to 15 feet, taller than the typical residential heights of approximately 10 feet. These tall ceilings served as a selling point for buyers.

The need and sizing for mechanical equipment on the roof turned out to be much less for the proposed residential uses than it had been for the building's previous institutional and medical functions, allowing much of the original mechanical spaces on the top portion of the building to be converted into residential penthouses. To avoid triggering additional foundation

Figure 5: Building In Its Original State

Source: Handel Architects

Figure 6: Building Recladded

Source: Handel Architects

work, the penthouses were reconstructed out of structural steel, which bear lighter weight than concrete.

One of the largest structural alterations occurred on the backside of the building, where the original entry lobby had been, to accommodate a series of triplex units with their own backyards. Taking advantage of the tall floor-to-ceiling heights, the architects decided to make three floors of 10 feet in height out of two original floors that were 15 feet in height each. This design move created six triplex units that appropriated the former entry plaza for individual backyards, which proved popular with families seeking to buy into the building.

Challenges

To meet current building and seismic codes, the building had to undergo significant structural upgrades. Like many of the office buildings built before the late 1970s, the structural frame was composed of non-ductile concrete, known to perform poorly in earthquakes. The existing columns and shear walls had to be thickened using carbon-fiber-reinforced polywrap or rebar "jackets." Additional shear walls were also needed to reconfigure the building's core and to lay out the residential units more efficiently. All of these structural modifications resulted in intensive excavation and foundation work.

The existing floor slabs also presented problems: their thinness, along with sparse beam supports, led to significant bowing and deformation over the course of the building's lifetime. Repair required considerable topping slab and floor levelling to meet residential standards.

The building facade also was in need of a complete replacement since the existing building envelope did not meet current performance standards in seismic safety, air and water tightness, and thermal and energy efficiency (Figure 5). The building's windows—typical of postwar office developments—didn't open. The precast concrete facade modules were therefore stripped off and replaced with a window wall system clad with a metal-panel rainscreen, making them appropriate for residential use (Figure 6).

Case Study: Broadway Lofts

Architect: Omgivning Architecture

Developer: ICO Development

Location: 430 S Broadway, Los Angeles, CA 90013

Neighborhood: Historic Core, Downtown Los Angeles

Original Building Use: Department Store

Conversion Type: Apartment, Market-Rate Live-Work Units

Total Number of Units: 58

Parking: 19 Spaces

Total Building Area: 52,628 sq. ft.

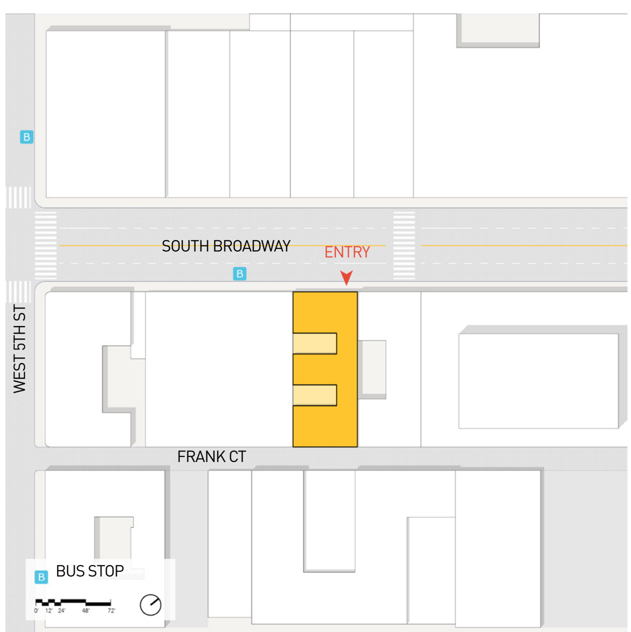
Retail Area on Ground: 3000 sq. ft.

Cost: Undisclosed

Original Building Completed: 1906

Adaptive Reuse Completed: 2015

Figure 7: Site Plan of 430 South Broadway

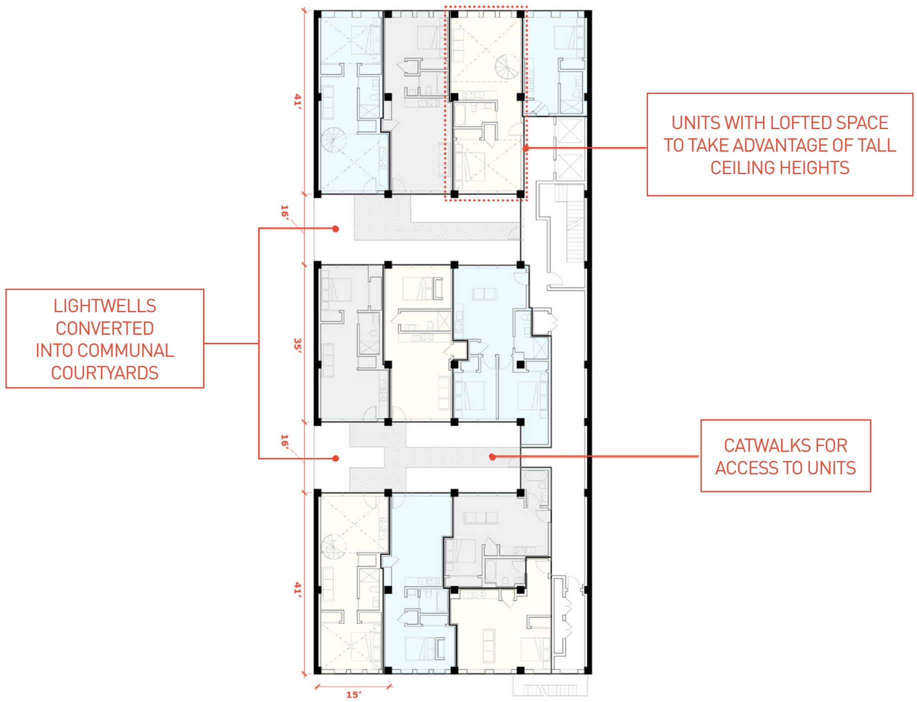


Introduction

Before its 2015 conversion into Broadway Lofts, the 6-story brick and masonry structure was originally built in 1906 along Broadway in downtown Los Angeles as the Bumiller/Campbell Blake Building. It served as the location for Le Bon Marché, a high-end department store. With the growth of the Broadway commercial corridor as a major theater and entertainment destination in the 1920s, the New York-based theater Eden Musée came to replace the store. Subsequent tenants were also theaters, such as the Jade Theater, a name attributed to the color of the building's facade. However, as the locus of economic activity shifted away from downtown, the building eventually fell into disuse around the 1970s. Apart from a jewelry store that occupied the ground floor, the building largely sat vacant for around four decades.

Bumiller Building's adaptive reuse into Broadway Lofts yielded a total of 58 live-work loft units, with unit sizes ranging from 355 sq. ft. microloft studios to 1,595 sq. ft. two-bedrooms.[19] In 2015, rents ranged

Figure 8: Typical Floor Plan of 430 South Broadway



from $1,155 to $3,750.[20] The ground floor accommodates a 3,000 sq. ft. retail space.

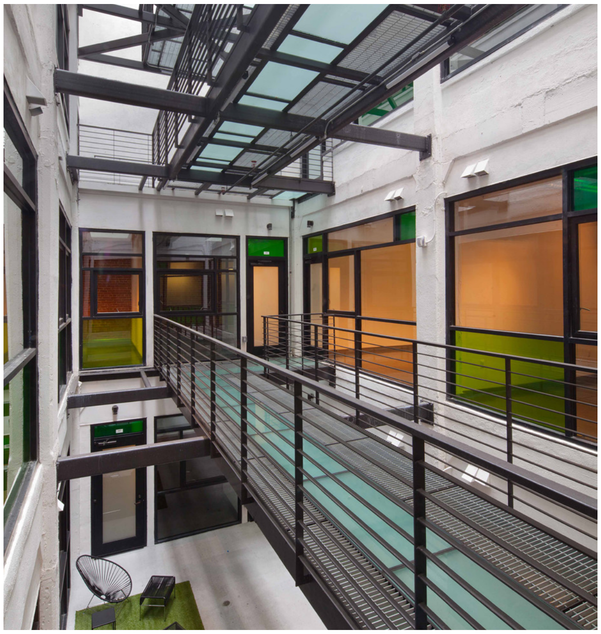
Opportunities

Broadway Lofts was redeveloped under the authority of the 1999 Adaptive Reuse Ordinance, passed by the Los Angeles City Council in an effort to promote economic development in the historic downtown area. The ordinance aims "to revitalize the Greater Downtown Los Angeles Area and implement the General Plan by facilitating the conversion of older, economically distressed, or historically significant buildings to apartments, live/work units or visitor-serving facilities."[21]

The ordinance includes four important provisions for adaptive reuse projects: (1) allowing by-right use changes without triggering CEQA requirements or discretionary approvals, (2) not requiring buildings to provide any net new parking, (3) allowing a one-story addition on the roof by right, and (4) adding new building codes specific to adaptive reuse projects that clarify building code requirements.[22] Broadway Lofts became a beneficiary of all these provisions.

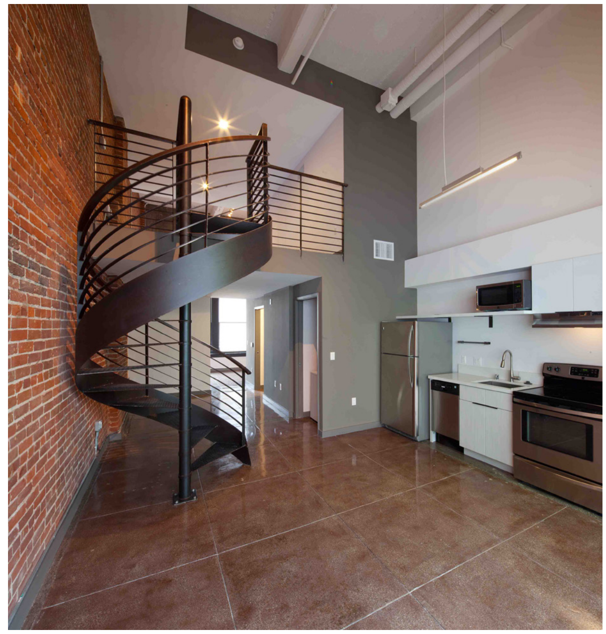
As a building originally designed for a high-end department store, the massing, materiality, and architectural detailing set it apart from the typical office building in the downtown area. Though a tight infill site of around 60 feet in width and around 150 feet in depth (Figure 7) with structures built right up to its party walls on both sides, the building receives natural air and light from both the South Broadway side and the Frank Court alleyside. In addition, two lightwells penetrate the interior depths, both around 20 feet by 60 feet in dimension (Figure 8). This E-shaped massing inspired the Omgivning Architecture team to relocate the circulation into these lightwells, using steel and glass catwalks to service the loft units, in order to allow better light and cross ventilation on all units (Figure 9). The existence of

Figure 9: Lightwell + Catwalk Configuration



Source: Omgivning Architecture

Figure 10: Loft Units with Spiral Staircase



Source: Omgivning Architecture

these lightwells in the prewar structure helped make the building's conversion into residential use more feasible, avoiding the otherwise difficult and expensive problem of introducing light and air into the interior of the building.

The historic detailing—the Renaissance Revival facade style, the exposed weathered brick, and the original terracotta floor tiles—were preserved in the redevelopment. The architecture team restored these details and materials where they could, sometimes reappropriating them for other areas of the building; for instance, the terra cotta tiles were used in the kitchen and bathroom in the units. The large department-store windows brought additional light into the units. The generous heights of these spaces and the large windows inspired the architecture team to refashion these spaces as loft units, each with its own spiral staircase and a small mezzanine (Figure 10).

Challenges

The development team reported difficulties in coordinating with various entities such as the Building Department, Fire Department, Office of Historic Preservation, and the Los Angeles City Council in order to bring the project to fruition. Despite its benefits, the 1999 Adaptive Reuse Ordinance left open to interpretation a number of zoning and code items, notably those related to seismic and fire safety, that required intense collaboration and compromise to keep costs within the range of financial feasibility.

The development team also faced risks that the project would not be financially successful. At the time, the downtown area of Los Angeles was not a major residential market. The design and development team undertook extra efforts to highlight the architectural qualities of the building that would attract potential renters to the area.

Case Study: Santa Ana Arts Collective

Architect: Studio One Eleven

Developer: Meta Housing Corporation

Location: 1666 North Main Street, Santa Ana, CA 92701

Neighborhood: Midtown Adaptive Reuse Project Incentive Area

Original Building Use: Bank

Conversion Type: Apartments, Affordable Housing for 60 percent of Area Mean Income (AMI) or Lower

Total Number of Units: 58

Parking: 114 Spaces

Total Building Area: 63,243 sq. ft.

Cost: $27 million

Original Building Completed: 1965

Adaptive Reuse Completed: 2020

Introduction

The Santa Ana Art Collective (SAAC) is a 58-unit, 100 percent affordable rental development with an aim towards housing artists in the midtown section of Santa Ana's Main Street corridor. Built originally as a First Western Bank building in 1965, the structure underwent an adaptive reuse process with the Los Angeles-based developer Meta Housing Corporation and the Long Beach–based architecture office Studio One Eleven. With 48 apartment units in the repurposed building and 10 new townhomes constructed on the former surface parking lot, the SAAC caters to a range of income levels (ranging from 30 percent of AMI to 60 percent of AMI).[23] The unit mix includes 26 one-bedrooms, 15 two-bedrooms, and 17 three-bedrooms, with rents ranging from around $550 to $1,550.

Figure 11: View of Original 1965 Building and New Townhomes from Main Street

Source: Studio One Eleven

Figure 12: Tall Units with Exposed Waffle Slab Above

Source: Studio One Eleven

Figure 13: Site Organization of Santa Ana Arts Collective

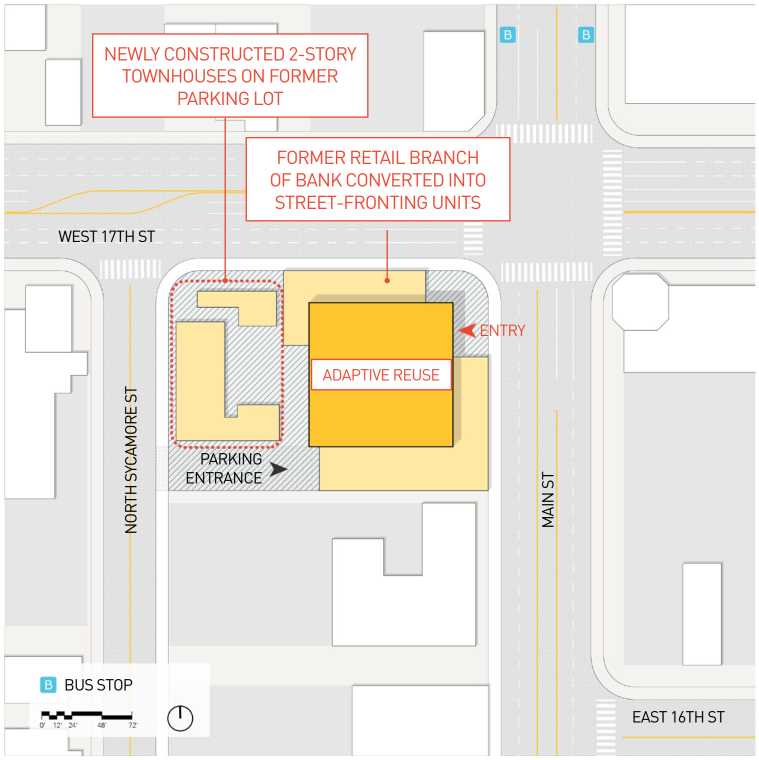
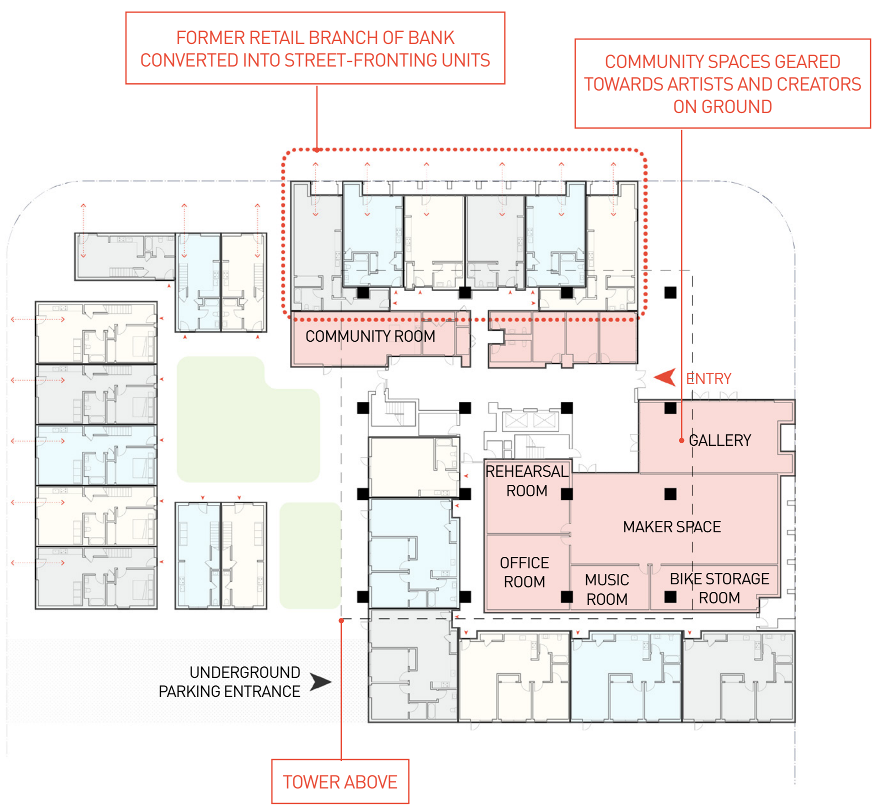


Figure 14: New Site Plan of Santa Ana Arts Collective



Opportunities

The architecture of the existing building featured advantageous conditions for conversion into artist-targeted residences. The restored ribbon windows that form the facade of the building let in ample natural light for the residents (Figure 11). The 13 foot floor-to-ceiling heights as well as the exposed concrete finish of the floors and the waffle slabs above made these spaces attractive to artist tenants (Figure 12). Former retail spaces on the ground floor allowed easy transition into public-fronting art programs such as an exhibition gallery and co-working spaces.

Similar to the ordinance in Los Angeles, the Santa Ana 2014 Adaptive Reuse Ordinance provided a number of incentives and relaxed development standards. For instance, the ordinance nullifies the requirement to provide additional parking spaces for units in the converted building.[24] Because the existing underground parking garage of over 100 parking stalls covered the required parking minimums, the design and development team was able to take over the original surface parking lot west of the building to build 10 new rental townhomes (Figures 13 and 14). Adding more units not only helped to pencil out the development but also provided more pedestrian-friendly street frontage on both West 17th and North Main Streets. With tall ceilings and direct access to ground, these 3-bedroom units function as live-work artist studios.

Challenges

The major setbacks for the development came from the unpredictability of bringing a building up to code. Though originally slated for completion in December 2019, the project faced delays that ultimately pushed the occupation date to late 2020. During construction, Meta Housing Corporation found significant seismic problems, which required broad structural strengthening and reengineering of the entire building.[25]

Although the Santa Ana Arts Collective is providing access to affordable housing, public subsidies, not project costs, made it possible. The costs of the project (at application) were $472,000 per unit; while lower than some LIHTC projects, this level of investment is still substantial. The complexity of piecing together and managing multiple financing sources can complicate below-market-rate developments.[26] Adaptive reuse projects are not always well-suited to affordable housing, since the higher risks during the construction phase require larger contingencies to prepare for potential setbacks.

ENDNOTES

1. JLL. (2021). Office Insights - Q2 2021. Retrieved from: https://www.us.jll.com/en/trends-and-insights/research/office-market-statistics-trends.

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3. We find that in the state's four major metro regions, less than one percent of all commercial zoned parcels were converted to residential use between 2014 and 2019.

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