



The challenges of converting hotels to affordable housing - by Walter Marin

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When tourism and travel suffered during the height of the pandemic, dozens of hotels sat unused, presenting developers with a potential solution to tackle New York City's housing shortage. Despite the opportunity and \$100 million worth of state funding, only one application has been filed to convert a hotel into affordable housing in the city. This conversion opportunity proved to be more of a complicated issue than legislators anticipated. Many New Yorkers support the idea of this type of conversion but don't understand the challenges of transforming a commercial property into a residential one. Architects and developers are eager to satisfy the city's need for more affordable housing and adaptive reuse of commercial buildings is one smart solution.

Residential buildings can be built on approximately 70% of New York City real estate, the primary exclusion being in high commercial and manufacturing zones. However, rules regarding light and air ventilation apply to all these zones and pose the largest obstacle when converting hotels into affordable housing. For example, the legal light and air requirements prohibit residential spaces from being deeper than 30-ft. from an operable window. Several buildings that would otherwise qualify for conversion cannot be used due to their depth and insufficient access to light and air. Additionally, a window cannot be any closer than 30 ft. from the property line; with a close neighboring building having the same requirement, this establishes the norm of 60 ft. between buildings. The 30-ft. rule of maintaining light and air is a substantial obstacle for hotel-to-housing conversion.

The perimeter of the building is the only functional area for a residential property to install windows that allow for sufficient air and light access. Vacant office spaces have also been considered for this kind of conversion, but unfortunately, the same challenge arises when considering the depth of office buildings; the usual depth of one would render the middle of a building unusable, leaving several central units without window access.

While these parameters are challenging, converting hotels for residential use is a straightforward endeavor, assuming the location is in a residential zone. If the zone is appropriate, then the units would need renovation to install a fully functional kitchen. Construction costs and timelines for a conversion project are significantly less than a ground-up development. A hotel conversion project with minimal interior changes means that tenants can move into an affordable unit quickly. If a rapid conversion occurs, there may be awkward features. New Yorkers appreciate modern aesthetics, and a conversion property might look old-fashioned. One downside to this type of conversion is that

owners may compromise layouts to minimize expenses and construction timelines. The rehabilitated interiors may not be as thoughtful, fluid, and flexible as brand-new residential properties.

Light and air restrictions, as well as peculiar layouts, are deterrents for developers as they consider converting buildings to residential ones. In 2021, New York State enacted the Housing Our Neighbors with Dignity Act (HONDA), which makes \$100 million available for converting commercial buildings into affordable housing. Developers have been daunted by the requirements associated with HONDA, because the act stipulates that each unit must have its own kitchen and bathroom, making the price of conversion too steep for developers to commit. With more people working from home, residents need their building to support work and play and New Yorkers want flexible spaces with amenities. Converted hotel rooms may not offer space, accommodations, and amenities needed to fit the hybrid work lifestyle. Even if developers choose to convert commercial buildings into residential, they may struggle to lure renters.

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