

# URPL-GP 4666

## Topics in Urban Studies

### City Lab: Converting Brown Offices into Green Homes

### Fall 2024

#### Instructor Information

- Ingrid Ellen (she/her/hers)
  - Email: [ingrid.ellen@nyu.edu](mailto:ingrid.ellen@nyu.edu)
  - Office Hours: Tuesday 4:00-5:30pm. Please click [here](#) to make an appointment, either on Zoom or email for in-person. (Please email if you need a different time.)

#### Course Information

- Class Meeting Time:
  - Monday 4:55-6:35pm, 60 Fifth Avenue, Room 125
- For administrative matters, please contact:
  - Chris Harris
  - Email: [christopher.harris@nyu.edu](mailto:christopher.harris@nyu.edu)

#### Course Prerequisites

Students should have completed CORE-GP 1018 (Microeconomics) and should have taken or be taking CORE-GP 1021 (Financial Management) concurrently. One assignment will ask you to use excel, so please brush up on your excel skills if needed.

#### Course Description

This seven-week class considers the potential for adaptive re-use of office buildings to address various challenges facing cities across the U.S. -- underutilized office space as many employers offer flexibility to work from home, energy inefficient building stocks, and an inadequate supply of affordable housing. The course will introduce students to the opportunities presented by converting offices into residential space, including reducing emissions, creating more homes, and fostering vibrant, mixed-use communities. It will also consider the many challenges such conversions face, from regulatory barriers to structural barriers, lease frictions and high costs, especially for conversions that create affordable homes. Learning from readings, case-studies, and presentations from leading practitioners and policymakers, students will identify the key obstacles to conversions and develop workable strategies to address them.

## Course and Learning Objectives

Students completing this course should be able to:

1. Identify the factors that make downtown areas vibrant.
2. Assess current market conditions in central office and residential markets.
3. Examine the design challenges that can hinder conversions.
4. Identify the buildings most suitable for conversions.
5. Analyze the financial feasibility of conversions and the cost of affordability restrictions.
6. Assess the costs and benefits of shifting to clean energy and improving the energy efficiency of buildings.
7. Identify the regulatory barriers to conversions.
8. Engage with real-world case-studies to learn about challenges and opportunities.
9. Develop policy solutions to facilitate conversions.
10. Present clear and effective summaries of policy proposals.

### Assignments and Evaluation

#### *Reflections and Discussion Questions*

Pre-class: Before midnight on the day before class, respond to one of the discussion threads. (Weeks 2-6)

Post-class: Before 5pm on the day after class, write a short reflection about something you learned from class or the readings that week or raise a question that you would like answered about that week's materials. (Weeks 1-6)

#### *Policy Proposal Memo*

Work with one other classmate to write a 5-page memo to a government official proposing a policy change or programmatic reform that would incentivize more conversions, encourage conversions that enhance energy efficiency, or encourage conversions that include more affordable housing. Focus on a particular city and neighborhood, and ideally identify a particular building. Draft policy proposal is due on Sunday October 6<sup>th</sup>, and the final proposal is due Sunday October 20<sup>th</sup>.

#### *Final Presentation*

Prepare and give a 10-minute presentation that explains and makes the case for your proposed policy.

	Due Date	% of Grade	Objectives Assessed
Pre-class discussion questions	Weeks 2-6	10%	1, 2, 3, 4, 5, 6, 7, 8
Post-class reflections	Weeks 1-6	10%	1, 2, 3, 4, 5, 6, 7, 8
Financial exercise	September 15 <sup>th</sup>	10%	4, 5, 6
Draft policy proposal	October 6 <sup>th</sup>	10%	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Final policy proposal	October 20 <sup>th</sup>	40%	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Presentation	October 21 <sup>st</sup>	10%	9, 10
Participation	Weeks 1-7	10%	1, 2, 3, 4, 5, 6, 7, 8, 9, 10

## Required Readings, Videos and Podcasts

All readings/videos/podcasts are required, unless noted as supplementary. Students are expected to do the reading and watch any assigned videos each week before class. They must read and consider the discussion questions posted on NYU Brightspace each week and post a single response or an additional question by 11pm the day *before* class. They must also submit short reflections on class sessions by 5pm the day *after* class.

## Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner's Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to their professors. If any student in this class is unsure about what is expected and how to abide by the academic code, you should consult with me.

For this course, there are some specific rules to meet standards of academic integrity:

**Assignments:** Students are encouraged to work in groups, and may be assigned to do so, but they must disclose any help they received and may not share written answers with other groups.

**AI:** Using ChatGPT and related tools will reduce what you learn in this course, and so the use of ChatGPT, Bard, and other generative AI tools is not allowed in this course.

Violations of these standards will result in students' failing the assignment and potentially the course and being remanded to the discipline committee for further action.

## Henry and Lucy Moses Center for Students with Disabilities

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or [mosescsd@nyu.edu](mailto:mosescsd@nyu.edu)) for information. Students who are requesting academic accommodations are advised to reach out to the Moses Center as early as possible in the semester for assistance.

## NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.

## Letter Grades

Letter grades for the entire course will be assigned as follows:

<b>Letter Grade</b>	<b>Points</b>
<b>A</b>	4.0 points
<b>A-</b>	3.7 points
<b>B+</b>	3.3 points
<b>B</b>	3.0 points
<b>B-</b>	2.7 points
<b>C+</b>	2.3 points
<b>C</b>	2.0 points
<b>C-</b>	1.7 points
<b>F</b>	0.0 points

Student grades will be assigned according to the following criteria:

- (A) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.
- (A-) Very good: Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.
- (B+) Good: Sound work for a graduate student; well-reasoned and thorough, methodologically sound. This is the graduate student grade that indicates the student has fully accomplished the basic objectives of the course.
- (B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate but student has not been thorough or has shown other weaknesses or limitations.
- (B-) Borderline: Weak work for a graduate student; meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete.

Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in “good standing.”

- (C/-/+) Deficient: Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.
- (F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

## Overview of the Semester

<b>Week</b>	<b>Class Date</b>	<b>Topic</b>	<b>Deliverable</b>
Week 1	September 9	Opportunity/Need for Conversions	Post-class reflection
Week 2	September 16	The Challenge: Finance and Sustainability	Pre-class reading questions Financial exercise Post-class reflection
Week 3	September 23	The Challenge: Design	Pre-class reading questions Post-class reflection
Week 4	September 30	The Challenge: Policy and Regulations	Pre-class reading questions Post-class reflection
Week 5	October 7	NYC Case Study: 25 Water Street	Pre-class reading questions Post-class reflection Draft policy proposal
Week 6	October 15	Models and Lessons from Other Cities	Pre-class reading questions Post-class reflection
Week 7	October 21	Final Presentations	Final policy proposal

## Detailed Class Schedule

### 1. Introduction: The Opportunity and Need for Conversions

We start by defining the problem. What makes a vibrant downtown? What is the market context that calls for conversions? What is the fiscal challenge for cities? What is the sustainability challenge? Then we begin to consider office-to-residential conversions as a way to overcome these challenges.

#### Required Readings/Videos

##### *Readings:*

Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis. The Evolution of Work from Home. NBER Working Paper No. 31686, September, 2023. (Focus on pp. 1-7 and pp. 22-23.)

Loh, Tracy Hadden, Egon Terplan, and DW Rowlands. Myths about converting offices in housing – and what can really revitalize downtowns. Brookings Institution. April, 2023. <https://www.brookings.edu/articles/myths-about-converting-offices-into-housing-and-what-can-really-revitalize-downtowns/>

New York City's Comptroller's Office. Spotlight: New York City's Office Market. May, 2024. <https://comptroller.nyc.gov/reports/spotlight-new-york-citys-office-market/>

Van Nieuwerburgh, Stijn. The Remote Work Revolution: Impact on Real Estate Values and the Urban Environment. *Real Estate Economics* 51(2023): pp. 1-14 and pp. 28-39 only.

##### *Podcast:*

Office-to-Residential Conversions: Mandates, Myths and Possibilities. Gensler Design Exchange Podcast. September 12, 2023. <https://www.gensler.com/podcasts/office-to-residential-conversions>

### 2. The Challenge: Finance and Sustainability

We explore and discuss the sustainability challenges of office-to-residential conversions. We learn how to model the financial feasibility of such conversions, and how that feasibility changes with shifting assumptions.

##### *Guest Speaker:*

Arpit Gupta, Associate Professor, NYU Stern

##### *Readings:*

ARUP: Office to Residential Conversions: The Carbon Story. December, 2023.

<https://www.arup.com/insights/office-to-residential-conversions-the-carbon-story/>

Gupta, Arpit, Candy Martinez, and Stijn Van Nieuwerburgh. Converting Brown Offices to Green Apartments. The Hamilton Project, the Brookings Institution, November 2023.

##### *News and Analysis:*

Elstein, Aaron. Converted Office Tower in Financial District Faces Default. Crain's New York Business. August 28, 2024.

Howard, Hilary. “How to Enforce a Landmark Pollution Law? It’s Complicated.” New York Times, October 24, 2023.

Putzier, Konrad, and Will Parker. Turning Empty Offices into Apartments is Getting Even Harder. Wall Street Journal. November 6, 2023. <https://www.wsj.com/real-estate/commercial/turning-empty-offices-into-apartments-is-getting-even-harder-b6659020>

### **3. The Challenge: Design**

We explore and discuss the design challenges that can make conversions from offices to residential apartments challenging and consider feasible strategies to overcome them.

*Guest Speaker:*

Wendi Shafran, Principal, FX Collaborative Architects LLP

*Readings:*

Campbell, Amy, Holly Arnold, and Doug Zucker. How Office-to-Residential Conversions Could Revitalize Downtown San Francisco. Gensler. February 2023.

<https://www.gensler.com/blog/office-to-residential-conversions-revitalize-san-francisco>

Gensler. Design Parameters for Urban Office-to-Residential Conversions.

<https://www.gensler.com/gri/design-parameters-for-urban-office-to-residential-conversion>

Paynter, Steven. What We’ve Learned by Assessing More than 1,300 Potential Office-to-Residential Conversions. Gensler. October, 2023. <https://www.gensler.com/blog/what-we-learned-assessing-office-to-residential-conversions>

<https://www.gensler.com/blog/what-we-learned-assessing-office-to-residential-conversions>

*News and Analysis:*

Badger, Emily, and Larry Buchanan. (2023). “Here’s How to Solve a 25-Story Rubik’s Cube”, The New York Times, March 23; available at:

<https://www.nytimes.com/interactive/2023/03/11/upshot/office-conversions.html>.

### **4. The Challenge: Policy and Regulations**

We consider the regulatory barriers and policies that hinder conversions. We weigh the rationale for these regulations and consider possible reforms. We also discuss subsidies and more proactive policies to encourage conversions.

*Readings:*

Campion, Sean. The Potential for Office-to-Residential Conversions: Lessons from 421-g. Citizens Budget Commission. December, 2022.

[https://cbcny.org/sites/default/files/media/files/CBCREPORT\\_421-G\\_12122022\\_0.pdf](https://cbcny.org/sites/default/files/media/files/CBCREPORT_421-G_12122022_0.pdf)

Ellen, Ingrid Gould, and Noah Kazis. Flexibility & Conversions in New York City’s Housing

Stock: Building for an Era of Rapid Change. *Economic Policy Review* 29(2023): 53-74.



Office of Adaptive Reuse Task Force. New York City Office Adaptive Reuse Study. January, 2023. <https://www.nyc.gov/assets/planning/download/pdf/plans-studies/office-reuse-task-force/office-adaptive-reuse-study.pdf>

U.S. Department of Housing and Urban Development. Office to Residential Conversions. *Evidence Matters*. Lead Article: pp. 3-12.

Waters, Emma. Converting Vacant Offices to Housing: Challenges and Opportunities. Bipartisan Policy Center. July, 2023. <https://bipartisanpolicy.org/explainer/vacant-offices-housing-conversion/>

#### *Videos:*

Millennium: Lower Manhattan in the 1990's: When Wall Street was Unoccupied. Skyscraper Museum Panel. <https://skyscraper.org/programs/millennium-lower-manhattan-in-the-1990s-when-wall-street-was-unoccupied/>

#### *Optional Readings*

Katz, Bruce, Florian Schalliol, Andrew Gibbs and Jonathan Tower. The Next Downtown: Financing Office to Residential Conversions. Nowak Metro Finance Lab. August, 2023. <https://drexel.edu/nowak-lab/publications/newsletters/2023/financing-office-to-residential-conversions/>

NYU Furman Center, Residential Conversions of Office Buildings. Expanded Testimony to NYC City Council. February, 2023. [https://furmancenter.org/images/blog/Office\\_Conversion\\_Expanded\\_Testimony\\_final\\_remediated.pdf](https://furmancenter.org/images/blog/Office_Conversion_Expanded_Testimony_final_remediated.pdf)

## **5. Case Study: 25 Water Street**

We consider the case of a 32-story office-to-residential conversion in Manhattan's financial district. The ambitious project, which will produce 1,300 rental units, involves the construction of 10 additional stories, a new façade, and the creation of two interior courtyards to supply light to interior apartments. We discuss the strategies used to accomplish this large-scale conversion.

#### *Guest Speakers:*

Tom Ortinau, Head of Acquisitions, GFP Real Estate

Brian Steinwurtzel, Co-CEO and Principal, GFP Real Estate

#### *Readings:*

U.S. Department of Housing and Urban Development. Office to Residential Conversions. *Evidence Matters*. Cities Pursue Conversion Initiatives: pp. 13-25.

#### *News and Analysis:*

Davidson, Justin. A Bad Office Can (Potentially) Become a Good Apartment. *Curbed*. January, 2024. <https://www.curbed.com/2024/01/office-residential-conversions-financial-district-lower-manhattan-water-broad-street.html>

Florsheim, Lane. Big Banks Deserted Wall Street. Then the Cool Kids Moved In. *Wall Street Journal*, August 4, 2024.

## 6. Models and Lessons from Other Cities and Countries

We consider examples of office-to-residential conversion projects in other cities. We will explore the variation in barriers/hurdles across cities and creative strategies for overcoming them and incentivizing conversions. We also consider how conversions can further fair housing goals.

### *Readings:*

SPUR, From Workspace to Homebase: Exploring the viability of office-to-residential conversion in San Francisco's changing real estate market. October 5, 2023.

<https://www.spur.org/publications/research/2023-10-05/workspace-homebase>

U.S. Department of Housing and Urban Development. Office to Residential Conversions.

*Evidence Matters*. Cities Pursue Conversion Initiatives: pp. 26-34.

### *News and Analysis:*

Grant, Peter. One City's Downtown Plan: Empty Office Space That Is Too Cheap to Pass Up."

*Wall Street Journal*, June 11, 2024.

Chandler-Wilde, Helen. [The Plan for the World's Most Ambitious Skyscraper Renovation](#). Bloomberg. September 6, 2024.

**Field Trip: Tour of 25 Water Street  
Thursday October 17th at 4:30pm**

## 7. Final Presentations

Students will present final policy proposals.