

The 2025 ECNY Innovation and Social Impact Challenge

First Place Winning Entry

Bridging Financial Literacy and Opportunity: ECNY–NYC Public Schools Speaker Series Pilot

This proposal outlines a year-long Financial Literacy speaker series pilot in one New York City public high school, pairing the city’s FutureReadyNYC financial literacy curriculum with monthly sessions led by volunteer finance professionals from the Economic Club of New York (ECNY). Students will gain practical skills in budgeting, credit, investing, and entrepreneurship, apply them through the SIFMA Stock Market Game, and build mentorship connections that expand their social capital and career awareness. For ECNY, the program offers a meaningful avenue for members to share expertise, engage directly with New York’s next generation, and deepen the Club’s civic impact. With minimal cost, strong curricular alignment, and potential for citywide replication, the pilot provides a model that advances both student opportunity and ECNY’s mission of shaping economic dialogue and community leadership.

Economic inequality in the U.S. has reached historic highs, limiting opportunities for low-income children in education, health, and economic mobility[1]. Over the past 30 years, inequality has widened, with affluent families pulling further ahead and deepening achievement gaps in schools[2]. Financial literacy reflects this divide: only one in five American teenagers demonstrates basic proficiency,[3] and just 13.5% reach the highest level[4]. The disparity is starkest in low-income schools—only 3% of students in high-poverty areas are top performers in financial literacy, compared to 45% in affluent schools[5][6]. Meanwhile, proposed education funding cuts threaten vulnerable students with fewer resources, larger class sizes, and reduced support for special needs[7].

Public–private partnerships offer a promising solution. NYC Public Schools (NYPS), through its FutureReadyNYC initiative, already requires 54 hours of financial literacy instruction per student[8]; but, many teachers lack finance expertise. Partnering with finance professionals—such as volunteers from the Economic Club of New York (ECNY)—can enhance classroom learning. A speaker series connecting students and teachers with real-world professionals would not only strengthen financial literacy, but also expand students’ networks and pathways to future economic mobility.

Proposal Details

We propose a year-long pilot in one NYC public school for 12th grade students, featuring monthly, roughly one hour sessions with a follow-up question and answer session led by finance practitioners (September through June, aligning with the school year calendar). Eight content sessions would cover a different financial topic (e.g. budgeting, credit, investing, entrepreneurship) in an interactive assembly or classroom setting. Speakers would volunteer through an ECNY member call. The NYPS Pathways office (working with the school leadership) will select the school and coordinate scheduling; Conor and Kristina (“organizers”) will liaise with ECNY to match speakers to topics. NYPS Pathways staff will act as project managers to handle logistics (room bookings, permission slips, refreshments), with minimal use of pilot funds (a small budget from the ECNY Innovation Challenge prize) and, if available, in-kind school support.

Potential guest speakers include finance industry professionals (e.g. portfolio managers, bankers, financial advisors, fintech entrepreneurs, and regulators). For example, a hedge fund portfolio manager could explain investing basics, a private equity partner could discuss entrepreneurship, and a commercial bank executive could address lending. ECNY members could refer distinguished colleagues or alumni to be speakers.

To ensure a community link, we will aim for at least one local speaker (e.g. a former student or current neighborhood resident) alongside national figures, connecting students to a financial professional with whom they may more easily relate and continue to engage.

A high-energy kickoff event in September, such as an all-school assembly or even a field trip to the NYSE trading floor, will launch the series. This event can feature an inspiring guest (e.g. a noted CEO or finance leader) and garner media attention. During the course of the program, students will be enrolled in SIFMA Foundation's [Stock Market Game](#),¹ an investing simulation for students, via their required Participation in Government (fall) and Economics (spring) courses. They will work in assigned groups to use skills from the series to help guide investment decisions; caregivers and families would be invited to engage in the simulation, building community learning. A closing event in June will conclude the pilot, with organizers announcing the winning team, summarizing lessons learned, and addressing any outstanding questions.

Stakeholder roles are as follows:

- **NYC Public Schools (NYPS)**
 - **Pathways Office:** Identify the pilot school and ensure alignment of speaker topics with the relevant curricula; manage scheduling and staffing; conduct outreach to other agencies or local partners to help identify a local speaker and/or fill any topic gaps. The Pathways Office will serve as project manager. Should the pilot prove successfully, it will also coordinate grant proposals to expand the pilot.
 - **Research Office:** Evaluate the pilot.
 - **External Affairs Office:** Draft and put out media on the pilot to build community and, with an eye to replication, national awareness.
- **School Administration (principal/teachers):** Provide class time and space; integrate sessions into curricula; host/introduce the speakers; and promote the program to students and families. Participation in Government and Economics teachers will assign investing simulation teams and provide guidance to students engaged in the simulation during class time.
- **Economic Club of NY (ECNY):** Fellows and members will volunteer as speakers and mentors or identify local professionals to do so. ECNY will issue a member call for volunteers, including for residents of the selected school's community, and help vet speakers. If agreeable, ECNY will also issue media about the pilot.

¹ The SIFMA Foundation's Stock Market Game (SMG) is a free online simulation that engages students, and adults, with the world of economics, investing, and personal finance. Students manage a hypothetical portfolio of stocks, bonds, and mutual funds, competing with others to achieve the highest portfolio value. It is a hands-on way to learn about the stock market, financial markets, and personal finance without the risk of losing real money.

- **Organizers:** Finalize the list of financial topics; organize the speaker roster; liaise between ECNY and NYPS; assist with event planning; provide workshops for teachers on the [Stock Market Game](#), supporting teachers throughout the year as needed; support the evaluation; and, support the grant funding search.

Value Proposition

This program leverages practitioners' insights to complement existing financial curricula. Although NYC has extensive financial literacy resources (e.g. FDIC's Money Smart, Next Gen Personal Finance curricula, etc.), teachers often lack deep subject expertise[11][12]. In a national survey, 64% of K-12 teachers felt *unqualified* to deliver financial literacy standards, and only 30% were actually including personal finance in their classes[11][12].

In contrast, industry professionals bring rich experience and anecdotes that make abstract concepts concrete. Hearing an experienced trader explain why diversification matters or a banker discuss credit scores lets students dig deeper and ask case-specific questions[13]. Practitioner talks also implicitly teach relevant soft skills (communication, analytical thinking, problem-solving, etc.) and broaden career awareness. For example, anecdotes about navigating a career path or developing professional skills can be as valuable as lessons on budgeting.

Crucially, the series builds mentorship and networking opportunities. When professionals volunteer to engage students, they often become role models. Studies show mentorship has profound effects: youth with mentors are more likely to pursue higher education and careers. In fact, a long-term Big Brothers Big Sisters study found mentored youth earned about 15% more in early adulthood (roughly \$56,000 more over a lifetime) than similar peers without mentors[14]. By connecting students with finance-sector mentors, the program can expand their social capital and confidence.

The program also aligns with ECNY's mission and benefits the club community. It creates social capacity by connecting practitioners and students, as well as generating discussion among ECNY members about youth economic opportunity and the future of both education and labor as pathways for mobility. ECNY members gain a new avenue for community engagement and professional fulfillment. By volunteering, they learn from students' fresh perspectives and studies indicate that mentorship can be a personally rewarding and deeply enriching experience[20].

Ultimately, this initiative helps create financially savvy young New Yorkers, which contributes to a healthier city economy[6]. Financially literate residents are more likely to have stable finances (higher earnings, lower debt, better retirement planning)[6], benefitting the broader NYC community and workforce.

Finally, the pilot is a replicable model for other cities. Many municipalities face similar financial literacy and inequality gaps; a structured speaker series is easily adapted elsewhere. By documenting our process and outcomes, NYPS can share this blueprint with other school districts nationwide. In this way, the pilot helps advance economic inclusion beyond New York.

Implementation Plan

Timeline & Events: The pilot runs September through June. A planning meeting coordinated by organizers in spring preceding the school year (with Pathways, school staff, and ECNY representatives) will finalize the schedule and topics. Organizers will also offer workshop(s) on the Stock Market Game to participating teachers at the end of the school year. The kickoff event will be scheduled for September (possibly an assembly or off-site tour). Teachers will assign groups and supervise student enrollment in the Stock Market Game in September. Monthly sessions will then proceed October through May (skipping major holidays). A closing event in June will conclude the pilot, with organizers summarizing lessons learned and addressing any outstanding question. The evaluation will run concurrently with the pilot.

Logistics: Sessions will typically be held in the school auditorium or cafeteria (for large audiences) or in classrooms (for more interactive workshops). NYPS will reserve space and ensure necessary AV equipment. Organizers will coordinate with each speaker on their needs (e.g. slides, handouts). Supplies (refreshment, etc.) can be funded by the pilot grant (a small budget from the ECNY Innovation Challenge prize) and, if available, in-kind school support. Any off-campus events (e.g. kickoff NYSE visit) will follow standard NYPS field-trip protocols (parent permission slips, bus scheduling), with students who do not have school MetroCards receiving free 2-trip cards funded by the pilot grant.

Collaboration & Roles: Volunteers will reach out to NYPS Pathways to pitch the project and coordinate with ECNY on issuing a volunteer callout. Organizers will organize monthly planning calls with Pathways staff, External Affairs reps, Research Office designees, the school coordinator, and any teacher liaisons to address outstanding matters on session logistics, media, and the evaluation. Organizers will work with school leadership to schedule workshop(s) on the Stock Market Game with participating teachers. ECNY coordinators will maintain a speakers roster, prepare digital invitations, track confirmations, and put out communications as practicable.

Communication & Publicity: Before the launch, the program will be announced via school flyers and, if agreeable, ECNY outreach. For broader impact, NYPS Communications Office and ECNY may issue a press release or social media posts after the kickoff (e.g. *The New York Post's* education section); stories could highlight the innovative partnership. Throughout the year, NYPS and, if agreeable, ECNY media channels will provide updates on event highlights, celebrating both student achievements and the ECNY community's involvement.

Project Management: NYPS Pathways office will lead the project management, utilizing existing staff (no new hires required). NYPS External Affairs and Research offices will designate existing staff for communications and the evaluation. Organizers will assist with detailed coordination (calendar invites, speaker biographies, session feedback collection, etc.) and provide support to teachers with the Stock Market Game. Key deliverables (e.g. speaker schedule, evaluation plan) will be tracked via a shared project timeline. Progress will be reviewed during monthly meetings with stakeholders to address any challenges and adapt as needed.

Evaluation Plan

The NYPS Research Office will run a mixed methods evaluation of the pilot, combining quantitative surveys and qualitative feedback to include:

- **Student Learning:** Administer brief pre- and post-pilot surveys (or pre/post each session) to assess changes in financial knowledge. For example, students could rate their familiarity with topics covered before and after the series. Students will also be asked to reflect on lessons learned by participating in the Stock Market Game. Educational organizations recommend such knowledge assessments, and many financial programs use pre/post tests or quizzes to track learning gains[15].
- **Attitudinal Shifts:** Use questionnaires to gauge students' confidence with financial topics and their intent to apply newly learned skills. For example, questions could gauge if students feel better prepared to make financial decisions or pursue related careers. Research notes the value of tracking changes in confidence and comfort with money management[16].
- **Engagement Data:** Track attendance at each session. High participation rates (target: >70% of eligible students) would indicate strong engagement.
- **Qualitative Feedback:** Collect testimonials from administrators and teachers. After major events, brief focus groups or open-ended surveys would capture insights (e.g. "What did you learn? What did you enjoy? How could it improve?"). Teachers will be surveyed or interviewed mid-year and end-of-year on observed student engagement and curricular relevance. They will also be asked to provide feedback on the Stock Market Game.
- **ECNY/Staff Reflections:** Use a post-engagement form to ask ECNY speakers and coordinators to report on the experience (ease of participation, student receptiveness, logistical notes, etc.).

The NYPS Research Office will lead the evaluation, ensuring valid data collection and analysis, summarizing outcomes and lessons learned in a brief report; organizers will support as needed (e.g., drafting evaluation tools, administering surveys, and compiling mixed-methods results). If findings are positive (e.g. strong student learning gains and satisfaction), the report will form the basis for grant proposals to expand the program.

Sustainability

The program's structure—volunteer speakers, existing NYPS-managed administration, school-day timing, school facilities, and free-to-use investment simulation—makes it inherently low-cost. The ECNY Innovation Challenge prize money will establish a small budget for the pilot to cover incidentals (e.g., refreshments, MetroCards, etc.).

If successful, this high ROI model can be scaled and funded through ongoing partnerships NYC agencies have utilized in the past for social service and education community programs.

Potential funding sources include:

- **Robinhood Markets:** Corporate philanthropy from financial firms has recently expanded. For instance, Robinhood Markets funded multi-year financial literacy

programs at universities[17]. NYPS Pathways could pursue support from Robinhood's education initiatives or similar corporate CSR programs.

- **The New York Community Trust:** The NY Community Trust provides strategic education grants focused on equity[18]. NYPS Pathways could apply for programs under its Youth Development and Education portfolios, emphasizing reach for underserved students.
- **Mayor's Fund to Advance NYC:** The Mayor's Fund invests in workforce development and evidence-based education pilots[19]. This pilot, which promotes financial empowerment and long-term career planning, aligns with their mission to scale impactful youth programs.
- **Local Foundations and Banks:** Grants from groups like the Financial District Bank Alliance, NYC civic funds, and education-focused foundations (e.g., Robin Hood Foundation, Pinkerton Foundation) that support college and career readiness will also be explored.

Organizers will support NYPS in formatting media and evaluation materials to publicize the model, attracting interest from other schools and districts, tapping into their respective networks, including the ECNY fellow community, to recruit communication specialists to volunteer advice on the final deliverables and distribution plan. Media outreach (press releases, social media campaigns) will highlight early successes, helping to recruit additional ECNY volunteers and donor support.

And, both students and teachers who participate in this program will share what they learn with friends/family and future students, respectively, further expanding reach.

Final Thoughts

By engaging New York's finance community to invest in students, this pilot offers a cost-effective, replicable model for cities nationwide. Students and teachers gain practical financial skills that strengthen economic mobility, while ECNY fellows and members deepen ties to the city's economic ecosystem and sharpen their leadership. For New York, cultivating financially literate graduates drives long-term vitality—higher earnings, greater stability, and a stronger, more inclusive workforce. Early engagement also builds a diverse pipeline of future finance professionals to meet industry needs.

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Second Place Winning Entry

2025 Economic Club of New York Innovation and Social Impact Challenge: Adaptive Reuse Accelerator for Small/Medium-Sized Buildings

A feasibility study, guidebook and policy recommendations for converting underutilized small-to-medium commercial buildings into housing.

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Abstract

Housing that is affordable is one of the biggest challenges of living in New York City. The rental vacancy in New York City is one of the lowest in the country, and rents have surged materially above pre-pandemic levels. New York City remains a highly desirable place and the number of households has increased over the past couple of years. One of the best ways to address a shortage is to increase supply, and with the free hand of the market, prices should correct to appropriate levels. However, New York City is a market with high housing regulations and land use restrictions that have prevented a good rate of supply additions for decades. The City needs to add housing to remain competitive with a robust workforce for its diversified industries. There has been more political support recently to disrupt the status quo, with new laws passed as part of the City of Yes for Housing program that loosens zoning and other regulations with a goal of increasing housing supply over the next 15 years.

Still, the solution cannot come fast enough. This paper addresses the magnitude of the New York City housing crisis and current regulations, and proposes a solution to provide guidelines for smaller developers to execute in the market. The project highlighted, Adaptive Reuse Accelerator for Small/Medium-Sized Buildings, is a feasibility study and guidebook for smaller developers to use, and provides further policy recommendations for the City to address the housing supply shortage. The successful execution of a development also heavily depends on attractive financing of debt and equity.

The New York City Housing Crisis

Housing is one of the biggest challenges of living in New York City. The rental vacancy is 1.4%¹ and rents reached record highs in April 2025,² 24% above pre-pandemic levels. However, the median household income in New York City has not been in lockstep with rent increases, with the real median household income at \$100,869 in 2023, 8.4% above 2019 levels.³ Indeed, exorbitant housing costs impact many households in New York City, with an estimated 50% of renters being “rent burdened,” which means they spend more than 30% of their income on rent. In the past two years, the city has experienced population growth, with an estimated 8.48 million

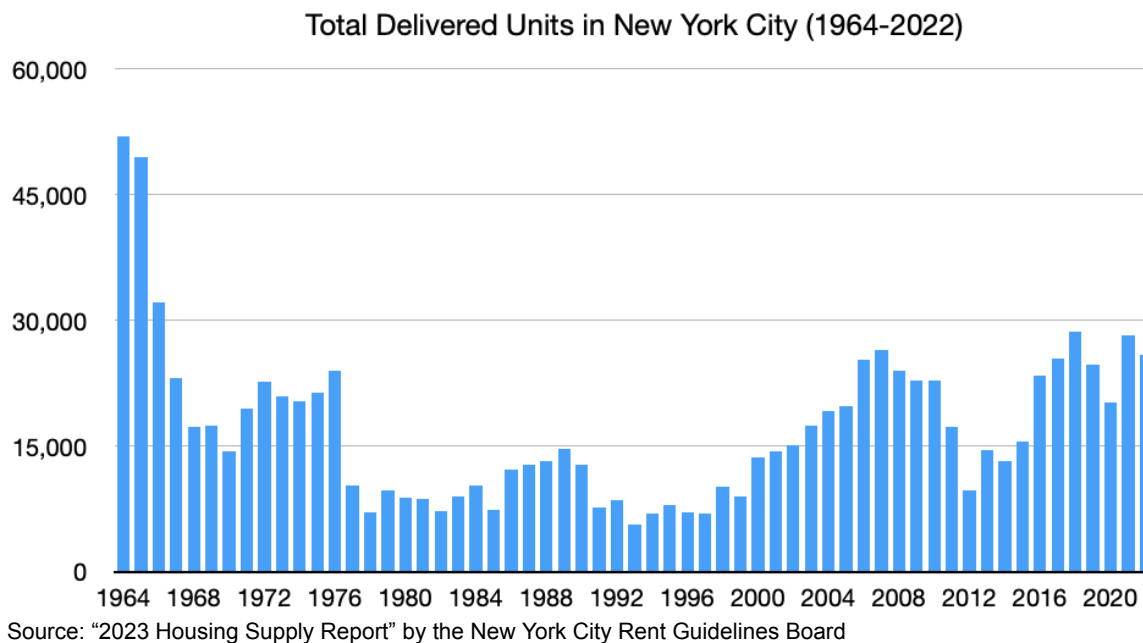
¹ The 2022 American Community Survey reported 92,740 units available for rent or sale out of a total housing supply of over 3.7 million units. This represents a vacancy rate of 2.5 percent, the lowest since 2010. The 2023 Housing and Vacancy Survey Selected Findings reported a vacancy rate of 1.4 percent for renters; it did not report vacancy or inventory for the for-sale stock. See: Elizabeth Gaumer, 2023 New York City Housing and Vacancy Survey: Selected Initial Findings, (New York City Department of Housing Preservation and Development, February 2024), <https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf>.

² StreetEasy's rent index, which uses a repeat-sales methodology to track changes in asking rent in the same units over time, peaked at a record high of \$3,624 in April 2025. The index is up 24 percent from the pre-pandemic peak of \$2,919 in February 2020. In Manhattan, the median asking rent topped \$4,000 for the first time in April 2022 and has remained above that level since. See: StreetEasy, “StreetEasy Data Dashboard” (accessed June 4, 2025), <https://streeteasy.com/blog/data-dashboard/>.

³ Estimate of Median Household Income for New York County, NY from the U.S. Census Bureau via FRED®

residents as of July 2024, a growth of 122,000 people between July 2022 and July 2024.⁴ Clearly, New York City remains a highly desirable place to live, with estimates of the number of units needed to address the housing shortage to be 227,000-422,000.⁵

One of the best ways to address a housing shortage is to add more supply to the market, and prices should self-correct with the free hand of a well-functioning market. However, New York City has many regulations and land use restrictions that prevent a well-functioning housing market. For decades, New York City's housing growth has lagged well behind many other large cities, and the supply of housing stock has not kept up with demand. As can be seen in the chart below, annual supply has lagged the robust additions in the 1960's; 25,924 units were added in 2022, which amounts to only 0.7% of the total housing stock.



The NYU Furman Center's "Supply Skepticism" report compiled research that found a causal link between land-use restrictions and housing prices, and that new construction slows rent growth and can actually reduce rent if scale is sufficient. A higher-income household moves into a newly built unit, and their previous unit gets re-rented to another household, who also moves from another unit, and so on. This effect is called the filtering effect or migration chain. The lack of housing supply in New York City has prevented the filtering effect or migration chain⁶ from happening, thus renters tend to stay in their units for longer.

⁴ New York City's Population Estimates and Trends, 2025 May Release from NYC Department of City Planning Population Division. NYC City Planning projects continued population growth, reaching 9 million by 2035 and 9.5 million by 2055.

⁵ AKRF published a report in 2021 that found New York City needs an additional 560,000 housing units by 2030; of that, 227,000 units were needed immediately to make up for past underproduction. In 2022, the Regional Plan Association estimated that 800,000 units need to be built throughout New York State, with more than half, 422,000 units, needed in New York City.

⁶ "A Building Crisis" report by The Citizens Budget Commissions (CBC), June 27, 2024

The effects of inadequate housing leads to outmigration, particularly of residents in their prime working years, resulting in fewer residents paying personal income taxes and sales taxes, dampening the City's tax base. Indeed, New York City's domestic net migration has been negative since at least the year 2000.⁷ In 2022, on net, the city experienced outmigration of 166,000 people, representing 52,600 households. The outflow was partially offset by 30,000 more births than deaths and 54,000 from international migration. The outmigration is estimated to cost the city \$309 million in income and sales tax revenue in 2022. While the population overall has declined slightly, the number of households has actually increased by 5% from 2019 to 2023, with more propensity for smaller households, especially in the 21-34 age group.⁸

Current New York City Initiatives

The City has recognized the importance of providing adequate housing, and there is more political support for increasing housing supply. A key recent initiative is the "City of Yes for Housing Opportunity" legislation, which was approved on December 5, 2024, and creates opportunities to build more housing in more places by changing zoning requirements and other regulations. The City targets ~80,000 new units to be built over the next 15 years, but this still falls short of the estimated units needed to address the housing crisis (227,000 - 422,000).

The impact of the City of Yes has been positive, as multifamily permits surged 65% quarter-over-quarter in Q1 2025, totaling 6,871 units citywide, 58% above the long-term average since 2008.⁹ Developers are targeting smaller buildings, under 100 units, mostly in Brooklyn and the Bronx, and some plan to use the 485x tax incentive.¹⁰ The new law, 485x, replaces the expired 421a program and was passed as part of the City of Yes.

Other supportive policies/organizations:

- NYC Department of Housing Preservation & Development (HPD)
- NYC Housing Development Corporation (HDC)
- NYC Public Development Corporation (NYEDC - Economic Development Corporation)
- Property tax exemption programs such as the 485-x, J-51, and 467-m

⁷ New York City's Population Estimates and Trends, 2025 May Release from NYC Department of City Planning Population Division. NYC City Planning projects continued population growth, reaching 9 million by 2035 and 9.5 million by 2055.

⁸ "A Building Crisis" report by The Citizens Budget Commissions (CBC), June 27, 2024

⁹ REBNY Staff, "Q1 2025 Construction Pipeline Shows Encouraging Uptick in Proposed Residential Development But Citywide Development Still Falls Short of Goals," REBNY, May 19, 2025, <https://www.rebny.com/press-release/q1-2025-construction-pipeline-shows-encouraging-uptick-in-proposed/>

¹⁰ New York City Department of Housing Preservation and Development, "Tax Incentives: 421-a, 485-a, 485-x," **New York City Department of Housing Preservation and Development**, accessed September 5, 2025, <https://www.nyc.gov/site/hpd/services-and-information/tax-incentives-485-x.page>. The 485-x tax incentive is a property tax exemption for developers who build new residential housing in NYC. The tax exemption period can last for 35-40 years and applies to new multifamily buildings with six or more units. Depending on the size of the project, at least 25% of the units must be affordable to households 80% or 60% of the Area Median Income (AMI).

Proposed Solution: Adaptive Reuse Accelerator for Small & Medium-Sized Buildings

There is robust political support to increase housing supply in the city to address the ongoing housing crisis. This project proposes an **adaptive reuse accelerator for small and medium-sized buildings in New York City** that is a feasibility study and a guidebook to empower small developers (non-profits, local buildings, community groups, etc.) to more easily identify, evaluate, and navigate the process of converting underutilized small and medium-sized buildings (<100,000 SF) in NYC into viable housing.

The proposed accelerator aims to consolidate information and resources for smaller and non-profit developers to leverage as they embark on development projects. Small and medium-sized buildings are architecturally more suitable for conversion to residential, given they tend to have shallower floor plates, more windows, and robust existing infrastructure. These buildings are often located within existing residential areas, and their smaller scale can lead to quicker permitting and construction compared to large development projects.

One of the best ways to increase housing supply is to encourage small-scale developments/redevelopments in neighborhoods that have the potential to add housing density. The City of Yes to Housing Opportunity outlines a few regulatory changes to encourage adaptive reuse of non-residential buildings and introduce more low-density housing in town centers and transit-oriented locations. While many think of conversions as encompassing office buildings in Manhattan, non-residential buildings in boroughs outside of Manhattan can be good structures to convert into housing.¹¹

The targeted buildings for adaptive reuse includes non-residential buildings such as small warehouses, former schools, former churches, and defunct retail. There have been historical precedents and diverse examples of prior adaptive reuse projects, as below:

Project name	Borough	Original Use	Date of conversion	Number of units
The Lewis Steel Building	Brooklyn	Steel factory	2014	83
The Hartby	Brooklyn	Former building for St. John's University	2024 / 2025	205

¹¹ Hong, Nayeon and Duarte, Fábio, Elsewhere in New York City: Seeking Opportunities for Office Conversion (April 30, 2024). MIT Center for Real Estate Research Paper No. 24/02, Available at SSRN: <https://ssrn.com/abstract=4818641> or <http://dx.doi.org/10.2139/ssrn.4818641>

There are more office buildings in Brooklyn (642) than Manhattan (32) would be suitable for conversion based on average floor plate size of 14,000 SF, rents of less than \$64.08/SF in Manhattan or \$37.56/SF in Brooklyn, and vacancy rate of 30% or higher.

PS9	Brooklyn	Public school	Mid-2000s	30
Former industrial lofts in DUMBO	Brooklyn	Industrial/warehouse	Since 1980s	Varies

The adaptive reuse accelerator is in three parts: Part 1 outlines an initial feasibility study to assess buildings that are candidates for adaptive reuse, Part 2 touches on navigating the regulatory and approval landscape, and Part 3 goes over the financing and structuring of adaptive reuse projects.

Part 1: Initial Feasibility Study

There are a wide range of small/medium-sized buildings that can be converted into residential use cases, such as former industrial/warehouse buildings in Brooklyn and Queens, schools, churches, smaller office buildings, and retail spaces with upper floors.

Key physical criteria include a building's age and history, zoning and the application of the Multiple Dwelling Law (MDL). The MDL sets critical standards for light, air, fire safety, and structural integrity that all conversions must meet. An optimal unit layout features a shallow floor plate, 25-40 feet from a windowed exterior wall, to maximize natural light. The location of existing utilities (plumbing, electrical), structural support, and vertical cores (elevators, stairs) also impacts the feasibility of conversion into residential.

On location, the ideal building is in an area already zoned for residential use or where such conversion is permitted by right. Proximity to transit and other amenities like grocery stores, schools and medical services make a location more desirable for residential use and can reduce parking requirements and needs.

Please refer to the Appendix for The Initial Feasibility Study and Preliminary Feasibility Assessment Checklist for an Adaptive Reuse Project (Conversion to Residential) for a developer to use on a potential site before engaging professionals.

Part 2: Regulatory & Approval Landscape

NYC's regulatory landscape for real estate development is a complicated and lengthy process as it pertains to zoning, building codes, multiple dwelling law, and the key approval and permitting process. A real estate developer would need a team of professionals, and this process starts with site selection and ends with the issuance of a Certificate of Occupancy.

Changing the use case of a building from commercial to residential is governed by the NYC Department of Buildings (DOB) and the NYC Zoning Resolution. An adaptive reuse project qualifies as a conversion, which requires filing for an Alteration Type 1 (ALT-1) permit and will

need a full DOB review to ensure the project meets zoning and building code standards, and includes required inspections.

The Development Process

The process for an adaptive reuse project in NYC is divided into three main phases:

Phase 1: Pre-Development and Due Diligence

A developer's first step is to perform a detailed **Zoning Analysis** using the ZoLa¹² tool to understand the site's permitted uses and regulations. This is followed by a **Feasibility Study** to create a preliminary budget and timeline. During this phase, the developer assembles a core team of professionals, including an architect, a land use attorney, and a civil engineer.

Phase 2: Regulatory Review and Permitting

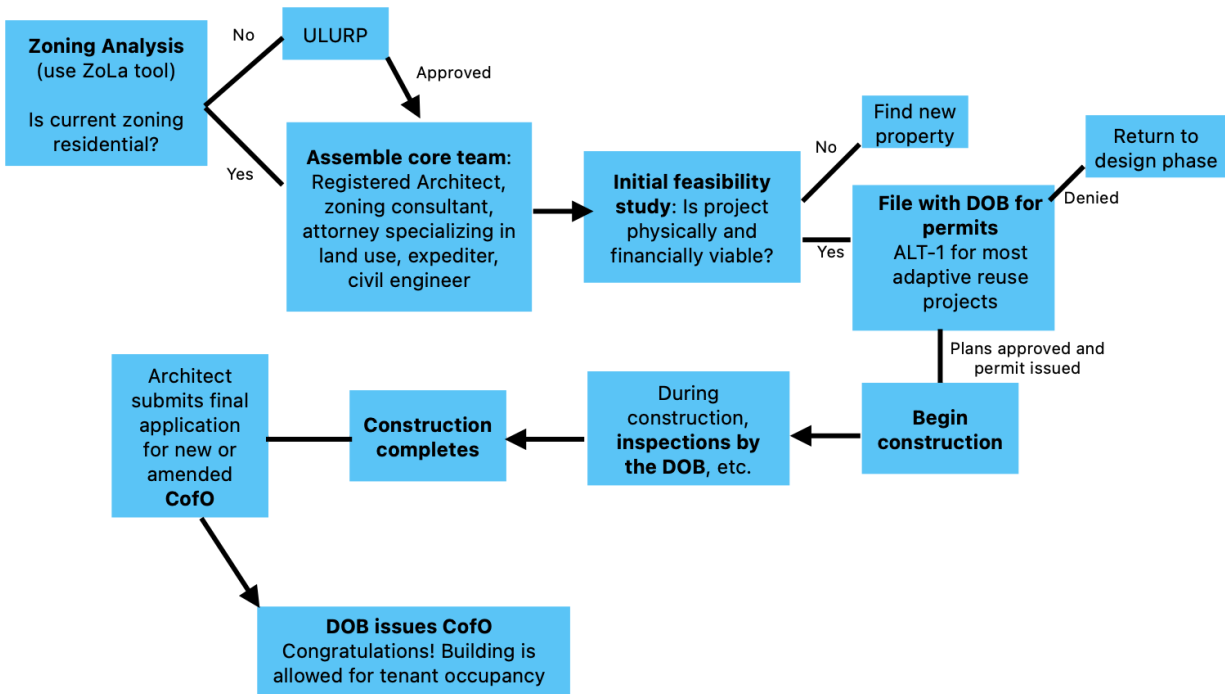
This is the formal submission phase. The architect files an **Alteration Type 1 (ALT-1) permit** with the **NYC Department of Buildings (DOB)** for the change of use. If the project requires a zoning change, it must go through the **Uniform Land Use Review Procedure (ULURP)**, a lengthy public review process involving the Community Board, Borough President, City Planning Commission, and City Council. Depending on the project, developers may also need approval from the **Landmarks Preservation Commission (LPC)** or the **Department of Environmental Protection (DEP)**.

Phase 3: Final Approvals

Once permits are issued and construction is underway, the project is subject to a series of **inspections** by the DOB. After all work is completed and inspections are passed, the architect applies for a new **Certificate of Occupancy (CofO)**, which legally certifies the building for residential use.

The following flow chart illustrates the process:

¹² NYC Department of City Planning, Planning Labs, "About ZoLa," *NYC Planning*, n.d., accessed September 15, 2025, <https://zola.planninglabs.nyc/about>.



Please refer to the Appendix for Navigating NYC’s Regulatory and Approval Landscape which has a more comprehensive overview of this complex process.

Part 3: Financing and Structuring Adaptive Reuse Projects

Financing the capital stack of an adaptive reuse project will likely need to be assembled from multiple sources. This section will provide an overview of the following topics.

1. Cost estimation
2. Public financing and subsidies
3. Property tax incentives
4. Private financing

Cost Estimation

The initial step is to estimate the project's costs. In NYC, adaptive reuse construction is estimated to range from **\$400 to \$600 per square foot**, not including the building's acquisition price. A more accurate estimate requires a detailed breakdown of both hard and soft costs, and a substantial contingency fund for unforeseen issues. It is essential to consult with experts, including a cost estimator, an experienced architect, and a general contractor, to finalize the budget.

Public Financing and Subsidies

Public funding can make a project viable, especially if it includes affordable housing. These funds, however, often come with strict requirements. The primary sources for public financing

and tax incentives are the **NYC Department of Housing Preservation and Development (HPD)** and **New York State Homes and Community Renewal (HCR)**.

Projects can qualify for programs like **Low-Income Housing Tax Credits (LIHTCs)**, which are a major source of private capital for affordable housing, as well as loans and grants from HPD and HCR. Additionally, tax incentives like the **485-x and 467-m programs** offer property tax exemptions to reduce a project's tax burden, particularly for projects that include affordable units.

Private financing

The private capital stack is typically layered. Senior debt, the largest and lowest-risk portion, is provided by commercial banks in the form of construction loans. For projects with an equity gap, mezzanine loans and preferred equity are subordinate to senior debt but are more expensive due to their higher risk. Finally, LP (Limited Partner) equity from private equity funds or other investors is needed, with the developer acting as the general partner.

Specialized private financing tools like C-PACE (Property Assessed Clean Energy) can also provide capital for energy efficiency upgrades, and mission-driven Community Development Financial Institutions (CDFIs) act as private lenders focused on affordable housing.

Please refer to the Appendix for Part 3: Financing and Structuring Adaptive Reuse Projects and the worksheet, Detailed Cost Breakdown of an Adaptive Reuse Project.

Policy Recommendations

Putting together the adaptive reuse accelerator has highlighted a number of hurdles that real estate developers face when embarking on a project. While The City of Yes has pushed forward a number of changes in the right direction, more can be made to encourage the addition of more housing units. NYC's administration can adopt an aggressive pro-growth mentality to housing to bring down barriers to entry and to allow for more entrants into the market.

Below are a few policy recommendations that emerged from this project:

1. Regulation "holiday": Certain regulations, such as zoning restrictions and FAR requirements, to take a "holiday" or a pause when there is a housing emergency. In New York City, a rental vacancy rate below 5% is the legal threshold for declaring a housing emergency, which allows for the continuation of rent stabilization laws. The same legal threshold can apply for some residential development regulations to pause to encourage more supply to be built. Specific regulations proposed to take a "holiday" when there is a housing emergency are:
 - a. The FAR cap limits a building's total floor area relative to the size of its lot. The FAR cap is very low in many parts of the city, which severely restricts the height and density of new construction. This forces development projects to be shorter, less dense, and produce far fewer housing units than the market demands.
 - b. Single-use zoning prevents the development of housing in large parts of the city, particularly in historically commercial or manufacturing districts. The rigid

separation limits a developer's ability to create mixed-use buildings and prevents residential development in areas with access to jobs and transit.

- c. The Uniform Land Use Review Procedure (ULURP) is a lengthy and expensive public review process (ranging from 7 months to over a year) required for any significant zoning changes.
 - d. Parking minimum requirements
 - e. Outdated portions of the Multiple Dwelling Law (MDL), enacted in 1929, do not apply to modern construction. Specifically, rigid courtyard dimensions requirements, lack of flexibility for mechanical systems for ventilation and HVAC.
2. Automation of DOB approval process: Portions of the DOB approval process can be potentially automated, such as permit issuances and scheduling of inspections, especially with the advances in artificial intelligence. The DOB permitting and approval process is bureaucratic and has acted as a bottleneck on development activity, lengthening time of construction and increasing cost of development.
 3. Reform tax abatements/incentives:
 - a. 467-m: This tax incentive program specifically covers conversions of commercial buildings to residential and allows for real property tax exemptions over a 25-35 year period. However, details around this program creates uncertainty for developers and impacts their projected profitability. Specifically, the proposed project needs to start construction before applying for the tax incentive, and the program benefits will be retroactively applied after completion. This can significantly impair a developer's return and the project's cash flow management. We recommend the provision to be amended to allow for immediate tax incentives before the start of construction.
 4. Incentives for more density: Instead of having FAR caps, developers can be incentivized to increase the amount of units in projects in certain geographical areas where housing is in dire need.
 5. Pro-growth housing marketing: Launch a marketing campaign to potential developers to amplify how aggressively pro-growth in housing the City is.

Appendix

The 2025 NYC Mayoral Race: A Review of Housing Policies

As of September 5, 2025, there are four candidates for the NYC Mayoral race. Housing is a clear issue all candidates are tackling. Below is a summary of their housing policies¹³ and our analysis of the impact on increasing housing supply:

Eric Adams

Note: Eric Adams is the current mayor of NYC and is a key proponent of the City of Yes

Policy	Impact on Housing Supply
Convert vacant commercial properties into affordable housing	✓
Reforming property taxes	✓
Streamlining the approval process for housing development	✓
Improving NYCHA conditions	

Eric Adams proposes key policies that are supportive for housing supply, especially for conversions and streamlining the approval process for housing development. We should expect him to continue implementing the City of Yes program, leading to more neighborhoods adopting flexible or residential zoning. While improving NYCHA conditions is important to preserve existing affordable units, it does not increase housing supply in the City.

Andrew Cuomo

Policy	Impact on Housing Supply
Part I: A Plan to Aggressively Build and Preserve Housing Build More Affordable Housing	✓
Make affordable housing truly affordable – ensure a substantial number of units at 30%-50% of AMI	
\$5 billion in City and State capital subsidies for affordable housing over 5 years	✓
Leverage New York City retirement funds to help finance affordable housing	✓
Accelerate residential development in Midtown South, manufacturing districts, and other targeted opportunities.	✓
Except for limited programs like transit-oriented development, will oppose further zoning changes in low-density neighborhoods	×

¹³ New York Housing Conference, "Mayoral Candidates," The New York Housing Conference, accessed September 6, 2025, <https://thenyhcn.org/mayoral-candidates/>.

Protect and Reimagine NYCHA	
Reduce homelessness in New York City	
Address the “Missing Middle” in Housing	✓
Part II: A Plan to Keep People in Their Homes	
Protect Tenant Rights	
Strengthen City Enforcement of Tenant Protections	
Continue to Use Vouchers to Prevent Homelessness	
Appoint Rent Guidelines Board Members Who Will Make Decisions Objectively	
Part III: Accountability and Oversight Reduce bottlenecks at HPD to new development	✓

Andrew Cuomo’s housing proposals are the most comprehensive. Some of these proposals are supportive of increasing housing supply in the City, especially subsidies for affordable housing, leveraging NYC retirement funds to finance affordable housing, accelerating residential development, and reducing bottlenecks at HPD for new development.

He is also proposing more regulations to address tenant rights. While this is important, tenant rights regulations create a disincentive for investors of multifamily buildings in the City. The City already has some of the most stringent protections for tenants, and increasing such regulations and enforcement would discourage further investment.

Zohran Mamdani

Policy	Impact on Housing Supply
Rent Regulated Housing Rent Freeze	×
Triple the City’s production of publicly-subsidized, affordable, union-built, rent-stabilized homes—creating 200,000 new units over the next 10 years	✓
Double the amount of capital invested into preserving the homes of existing public housing tenants: \$100 billion dollar commitment over 10 years	✓
Fully fund and staff the operating budgets of the City’s housing agencies	
Fast-track planning review	✓
Redirect the Office of Management and Budget towards public sector priorities	

Comprehensive Planning:	
Increasing zoned capacity	✓
Supporting climate sustainability and accessibility	
Eliminating parking minimums	✓
Advocating to expand rent stabilization in Albany	×

Zohran Mamdani's proposals are supportive of adding more housing supply, especially by tripling the City's production for affordable homes with a target of 200,000 new units over the next decade, fast-tracking planning review, increasing zoned capacity, and eliminating parking minimums. However, his proposals on rent-regulated housing rent freeze and expanding rent stabilization is considered to be not investor-friendly and may discourage further investment by the private sector into the market.

Part 1: Initial Feasibility Study

There is a wide range of small/medium-sized buildings that can be converted into residential use cases. Popular typologies and characteristics include former industrial/warehouse buildings in Brooklyn and Queens, schools, churches, smaller office buildings, and retail spaces with upper floors. Assessing key physical suitability criteria matters when selecting a building for conversion:

1. Building age and history: relevant to zoning and Multiple Dwelling Law.
 - Buildings built before 1991 have the greatest flexibility for conversion, according to the latest legislation as part of The City of Yes for Housing Opportunity
 - Buildings in residential zones
 - The New York State Multiple Dwelling Law regulates conversions, particularly fundamental aspects like light, air, fire safety, and structural integrity. The specific requirements can vary significantly based on the original building type, age, and nature of conversion. The specific articles that apply to conversion are Articles 6, 7-B and 7-C.
2. Floor plate and layout
 - A unit depth of 25-40 feet from an exterior wall with windows is often considered optimal for achieving good natural light and ventilation throughout habitable rooms.
3. Location of existing vertical core and services: elevators, stairs, plumbing stack locations.
4. Structural flexibility for modification for residential use and layouts. Plumbing and electrical lines have to be reconfigured to serve multiple residential units, especially to accommodate kitchens and bathrooms in each unit. Some existing buildings are easier to modify than others.
5. Existing windows and facade should be adaptable for residential unit windows. Each residential unit requires windows that can open and close. Therefore, some commercial buildings' windows may need to be replaced to satisfy these requirements.
6. Building access points, loading and parking.

Buildings in certain geographic areas can be more suitable for conversion due to zoning, parking requirements and transit access.

1. Areas with residential zoning or where residential conversion is permitted by right.
2. Transit access for resident preference and to reduce parking requirements, and other amenities such as schools, access to grocery stores, medical services, etc.

The initial feasibility study also includes a preliminary site assessment checklist for a developer to use on a potential site before engaging professionals. Please refer to the Preliminary Feasibility Assessment Checklist for an Adaptive Reuse Project in the Appendix.

Preliminary Feasibility Assessment Checklist for an Adaptive Reuse Project (Conversion to Residential)

This checklist is to be used by a real estate developer during an initial walkthrough of a potential building as a candidate for an adaptive reuse project to residential use.

Item	Notes (to be filled in by user)
Zoning: Is the building in a residential zone? <i>Check:</i> https://zola.planning.nyc.gov/	
Floor plate depth: What is the depth from exterior window to exterior window? <i>Optimal:</i> 30-50 feet. This allows for efficient double-loaded corridors with units on both sides. <i>Challenging:</i> Over 60 feet. This will require cutting new light wells or using an inefficient donut layout, sacrificing square footage and adding cost.	
Existing Core Location: Where are the stairs and elevator shafts located? <i>Optimal:</i> Located on a side or end of the building, which leaves the main floor plate open for a flexible residential layout. <i>Challenging:</i> A centrally-located core that forces a less efficient layout and requires more corridor space.	
Structural Type: What is the primary structural material (e.g., concrete, steel, or load-bearing masonry)? <i>Optimal:</i> Steel or concrete frames, as these are flexible and can be reconfigured relatively easily. <i>Challenging:</i> Load-bearing masonry or solid concrete walls, as these are difficult and expensive to remove.	
Slab-to-Slab Height: What is the vertical height from floor to floor? <i>Optimal:</i> 12 feet or more. This allows ample space to run new plumbing, electrical, and HVAC lines, and provides a luxurious feel. <i>Challenging:</i> Under 10 feet. This can feel cramped and makes running new systems difficult and costly.	
Stairwells & Egress: Does the building have at least two separate, compliant means of egress (stairwells) that can be easily accessed from all proposed residential units? <i>Check:</i> The number, location, and condition of existing stairwells. Egress requirements for residential buildings are far stricter than for offices, often necessitating the addition of new fire stairs.	
Elevators: Are the existing elevators adequate for a residential population? <i>Check:</i> The number, size, and speed of existing elevators. You will need to determine if you can modernize them or if you need to install new shafts to serve the increased demand and comply with modern code.	
Window Count: Are there a sufficient number of existing	

window openings on the facade to satisfy the Multiple Dwelling Law's (MDL) requirements for light and air in all habitable rooms? <i>Check:</i> The ratio of window area to floor area (typically 10% in NYC), as well as the minimum size and operability of each window.	
Facade Condition: Is the exterior facade (masonry, brick, etc.) in a state of good repair? <i>Check:</i> Look for signs of water damage, crumbling mortar, or cracks. The facade's condition will determine whether you can save it or if you must perform a costly re-cladding or extensive repair.	
Water & Sewer: Does the building have an existing water supply and sewer line capacity that is sufficient for the proposed number of residential units? <i>Check:</i> The number of individual fixtures will increase dramatically, and commercial buildings often do not have the necessary water pressure or drain line capacity for residential use. This can require a significant upgrade to the building's service line.	
Gas & Electrical: Is there an existing gas or electrical service to the building? <i>Check:</i> The size of the existing utility service. Residential use has different demands than commercial use, and you will likely need to upgrade the electrical service and bring in new gas lines for appliances. Consider making the building all electric for better environmental scores.	
Environmental Hazards: Is there a risk of asbestos, lead paint, or other hazardous materials? <i>Check:</i> Buildings constructed before 1980 almost always contain asbestos in pipe insulation, floor tiles, and other materials. You must budget for the required abatement process.	
Roof Condition: Is the roof in good condition? Can it be used for resident amenities? <i>Check:</i> The age and condition of the roof membrane. Can the roof support the weight of a deck, green roof, or a penthouse apartment, and are the necessary setbacks and wind pressure requirements met?	
Loading Docks: Does the building have loading docks or freight elevators? <i>Check:</i> While not essential for residential use, existing loading docks and large freight elevators can be very useful for construction and move-in.	
Parking Requirements: Will the conversion require the addition of new parking spaces based on the local zoning code? <i>Note:</i> No parking minimums for most of Manhattan, and parking ratio requirements significantly declines within ½ mile of transit.	
Certificate of Occupancy: Is there an existing Certificate of	

Occupancy (CofO), and for what use? <i>Check:</i> The existing CofO confirms the building's legal use. You will be required to get a new CofO for residential use, which is a key milestone for the project.	
Original Use & Age: What was the building's original use, and when was it built? <i>Check:</i> The year the building was constructed determines which specific laws and codes apply, particularly the Multiple Dwelling Law. Buildings constructed before 1991 often have more flexible regulations regarding conversions, making them prime candidates.	
Project cost: Is the project financially viable? <i>Check:</i> Construction costs are \$400-600 PSF. Use the higher end of the range if more red flags pop up in the checklist above. Estimate construction costs by multiplying with anticipated square footage, and adding that amount to the anticipated acquisition cost.	

Sources: NYC Department of City Planning's (DCP) "Office Adaptive Reuse Study," Department of Buildings' (DOB) "Code Notes: Residential Conversions," New York State Multiple Dwelling Law (MDL), Articles 6 and 7-B

Part 2: Navigating NYC's Regulatory and Approval Landscape

NYC's regulatory landscape for real estate development is a complicated and lengthy process as it pertains to zoning, building codes, multiple dwelling law, and the key approval and permitting process. A real estate developer would need a team of professionals, and this process starts with site selection and ends with the issuance of a Certificate of Occupancy.

The City of Yes program has pushed forward for more residential zoning by right, removal of the floor-to-area ratio (FAR)¹⁴ penalty for conversions, elimination of parking requirements for new residential developments near transit-rich areas, yard and courtyard flexibility, and expanded housing types to include supportive housing and shared housing. The City of Yes legislation has reshaped the regulatory landscape, enabling the adaptive reuse of a much larger universe of older commercial buildings into much-needed housing. A summary of recent notable changes are:

- Expanded areas zoned as residential, such as in Midtown South and Long Island City. This allows for development activity to add residential units to be permitted by right, making it easier for developers to enter the market.
- Removal of FAR cap for buildings built before 1968, and allowing for "as-of-right" conversions to allow developers to convert an entire building to residential use even if the existing FAR exceeds the maximum allowed in its zoning district.
- Eliminated parking requirements for new residential developments in many areas of the city, especially in transit-rich areas of Manhattan, Brooklyn, and Queens. This is a game-changer for adaptive reuse projects, as providing new parking in an existing building is often extremely expensive or physically impossible.
- More flexibility for rear yard and inner courts to reduce the minimum required dimensions, making it easier to meet the light and air requirements of the Multiple Dwelling Law for buildings with deep floor plates.

Changing the use case of a building from commercial to residential is governed by the NYC Department of Buildings (DOB) and the NYC Zoning Resolution. An adaptive reuse project qualifies as a conversion, which requires filing for an Alteration Type 1 (ALT-1) permit and will need a full DOB review to ensure the project meets zoning and building code standards, and includes required inspections.

The following are the key steps to navigate the zoning and regulatory landscape for an adaptive reuse project in NYC

Pre-Development and Due Diligence:

Step 1: Zoning Analysis

Understand what is legally permissible on a given property using the Department of City Planning's Zoning and Land Use Application (ZoLa) online tool to find a property's zoning district, permitted uses, and other regulations like FAR. A zoning consultant or architect can

¹⁴ Floor Area Ratio dictates the maximum size of a building relative to its lot. For example, a 100,000 SF building on a 5,000 SF lot has an FAR of 2.0. As expected, FAR limitations in a specific zoning district would limit how tall a residential building can be built, thus discouraging more units in a specific area.

conduct a detailed analysis to confirm if a site can accommodate residential use, and the ultimate size (height, setbacks, density) are compliant.

Step 2: Feasibility Study

Once the zoning is confirmed, the developer can conduct a feasibility study to create a preliminary budget and project timeline. The core team to assemble should include an architect, an attorney specializing in land use, an expediter, and a civil engineer. The core team will be able to put together a cost estimate, regulatory hurdles, and design.

Regulatory Review and Permitting:

Step 3: Initial Filing

The architect or engineer will file a permit application with the DOB. An adaptive reuse project would usually require the ALT-1 filing to change a building's use case, occupancy or egress. A New Building (NB) filing is for ground-up construction.

The application will be subject to a thorough review by a DOB plan examiner to ensure it complies with the NYC Building Code and Zoning Resolution.

Step 4: Uniform Land Use Review Procedure (ULURP) for projects located in non-permitted zones.

ULURP is a mandatory public review process for discretionary land use actions, such as zoning map changes or special permits, and typically takes seven months or more. This step is only for projects not permitted by existing zoning. The ULURP includes:

- Community Board Review: The local Community Board holds a public hearing and issues a non-binding recommendation.
- Borough President Review: Borough President issues a recommendation.
- City Planning Commission (CPC) Review: The CPC holds a public hearing and votes to approve, modify, or deny the application. The vote is binding.
- City Council Review: The City Council holds its own hearing and a final vote.

Step 5: Addressing Specific Regulatory Bodies

- NYC Landmarks Preservation Commission (LPC): The LPC approves all exterior changes for buildings that are designated landmarks or located in a historic district.
- NYC Department of Environmental Protection (DEP): Required for environmental impact reviews, especially for large projects, to ensure compliance with the City Environmental Quality Review (CEQR) process.
- NYC Department of Housing Preservation and Development (HPD): If the project has an affordable component, the HPD can help with financing and will also ensure the project is compliant with affordable housing regulations.

Construction

Once the permits are issued, construction can begin.

Final Approvals

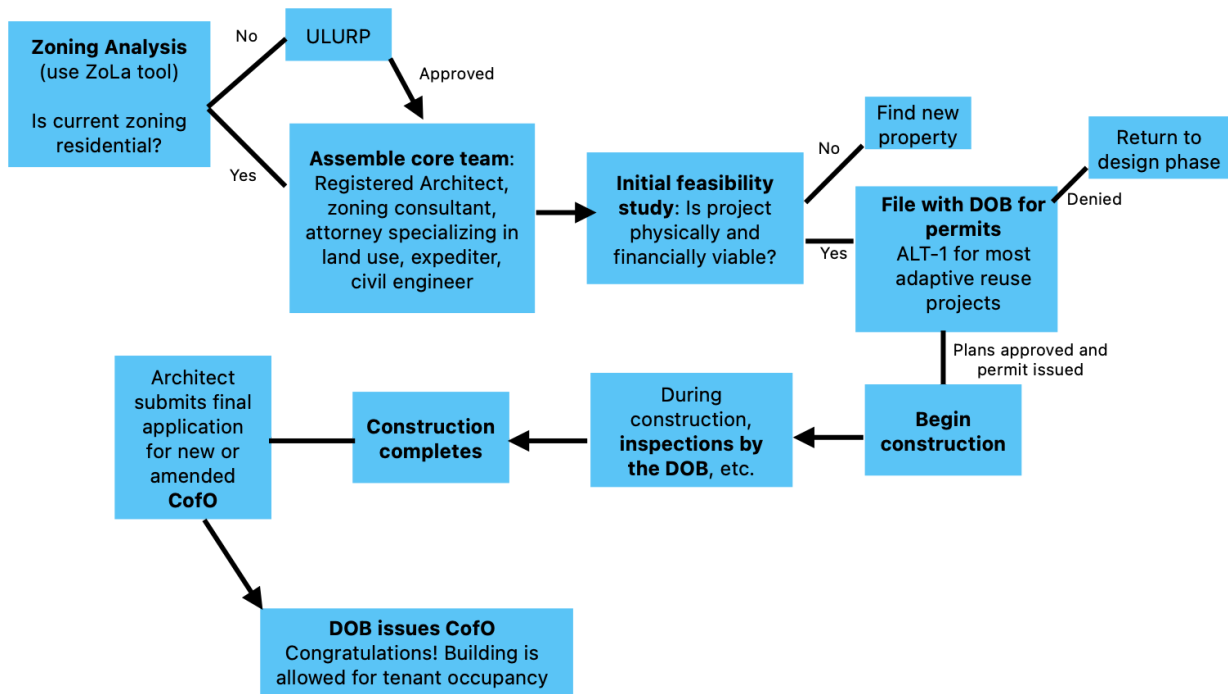
Step 6: Inspections and Permits Sign-Offs

A series of inspections by the DOB and other agencies (i.e. FDNY) is required during construction. The developer's core team will manage the inspection schedule and ensure all work is completed according to the approval plans.

Step 7: Certificate of Occupancy

After all work is completed and inspections are passed, the architect in the core team will submit an application for a new or amended Certificate of Occupancy (CofO). This is a legal document that certifies the building is in a safe and lawful condition for its intended use.

The flow chart below illustrates the process:



Part 3: Financing and Structuring Adaptive Reuse Projects

Financing the capital stack of an adaptive reuse project will likely need to be assembled from multiple sources. This section will provide an overview of the following topics.

5. Cost estimation
6. Public financing and subsidies
7. Property tax incentives
8. Private financing

Cost Estimation

An adaptive reuse project in New York City is estimated to cost between \$400-\$600 per square foot to build (not including acquisition price), and can go as high as \$700 per square foot depending on the complexity of the project. Therefore, the financial viability of the project is also contingent on a low acquisition price of the initial building. For a medium-sized building of around 100,000 square feet (~100 units can be produced), a rough cost estimate would be \$40-\$60 million.

The process to get a more accurate cost estimate is as follows:

1. Construct a detailed cost breakdown, which includes estimating hard and soft costs and any estimated contingencies. The total estimated cost would be the acquisition price plus the detailed cost breakdown of construction.
2. Engage expert consultation, including a cost estimator or quantity surveyor, an experienced architect, and a general contractor.

Please refer to the Appendix for the Detailed Cost Breakdown of an Adaptive Reuse Project.

Public Financing and Subsidies

There are many avenues for developers to obtain public financing for an adaptive reuse residential project. However, public financing usually comes with a host of restrictions to abide by, depending on the sources of funding. For example, financing aimed at alleviating homelessness among women would require a specific number of units allocated towards that target demographic or group. These restrictions often result in construction costs ballooning on a per-unit basis, as highlighted in the book *Abundance* by Ezra Klein and Derek Thompson.

There are two primary government agencies that provide financing and incentives for affordable housing development in New York City:

1. NYC Development of Housing Preservation and Development (HPD): HPD is the largest municipal housing preservation and development agency in the nation.
2. New York State Homes and Community Renewal: HCR is the state-level agency that offers financing and tax credit programs for affordable housing development.

There is a wide variety of public financing and tax incentive programs that an adaptive reuse project can qualify for, especially if they include an affordable housing component. These programs can be stacked together to make a project financially viable.

1. Low-Income Housing Tax Credits (LHITC): Administered by HCR, this program is the largest source of private financing for affordable housing development.
2. Subsidies and loans from HPD and HCR:
 - a. HCR's New Construction program: This program includes financing for the adaptive reuse of non-residential property and offers capital awards per affordable unit.
 - b. New York Main Street: A state program that provides grants for revitalizing historic downtowns and mixed-use buildings, often applicable to adaptive reuse in commercial corridors.

Property tax incentives: tax exemptions and abatements to reduce a project's tax burden, making it more financially viable.

1. 485-x and 467-m: New state programs that provide a property tax exemption for new residential construction and for the conversion of commercial buildings to residential use. Both programs incentivize the inclusion of affordable housing.
2. J-51 tax abatement: A replacement program is likely pending as this program has expired. This is an example of a tax incentive for residential rehabilitation programs and/or conversion that a replacement program will likely build on.
3. Historic tax credits: If the building is on or eligible for the National Register of Historic Places, developers can apply for a 20% federal tax credit and a 20% New York State tax credit on qualified rehabilitation expenses.

Private financing

Sources of private financing for adaptive reuse projects include commercial banks, private lenders, private equity funds, and community development financial institutions.

Senior debt: the largest and lowest risk portion of the capital stack

1. Commercial banks and private lenders are the most common sources of senior debt. They can provide financing in the form of construction loans to cover the cost of construction and conversion. Construction loans are typically variable-rate and short-term (during the construction period), and are drawn down in stages upon work completion. Lenders often require significant equity commitment from the developer (also called the sponsor) and will conduct a thorough review of the project's feasibility and the sponsor's experience and capabilities.
2. Bridge loans (also issued by commercial banks and private lenders) can be used for the initial acquisition and pre-development costs, or fund the final stages of the construction project until permanent financing is obtained after completion. Bridge loans are more flexible but tend to be more expensive than regular construction loans.

Mezzanine loans and preferred equity: in between senior debt and the sponsor's/investor's equity in the capital stack

1. Mezzanine loans: subordinated to the senior construction loan. While it is a loan, it includes an equity kicker that gives the lender a share of the project's profits. Mezzanine

loans are typically more expensive to account for due to their higher risk profile compared to regular senior debt.

2. Preferred Equity: Subordinate to all debt but senior to the sponsor's/investor's equity. The preferred equity holder received a preferred return before the developer receives any profits. Like mezzanine loans, preferred equity is typically more expensive to account for due to its higher risk profile, at times pricing in the mid-teens, which is not far from a project's expected total returns for the sponsor/investor.

C-PACE (Property Assessed Clean Energy) financing: This private financing tool provides capital for energy efficiency, water conservation, and renewable energy improvements. The loan is paid back via special assessments on the property tax bill. Adaptive reuse projects can benefit from upgrading the property's HVAC and electrical systems, making the property more energy efficient and financially viable, helping it comply with NYC's Local Law 97 (regulation on energy efficiency).

LP equity: Limited partner investors will likely be needed for a sponsor of a development project to see it through. The sponsor acts as the general partner and accepts limited partner equity from sources such as real estate private equity funds. These funds typically invest directly in the projects and can make up a significant portion of the equity (for example, 95/5 breakdown between the LP investor and sponsor). LP investors are seeking equity-like returns to participate.

Community Development Financial Institutions (CDFI): While these institutions do accept public funds, they act as private lenders and are mission-driven, often focusing on financing affordable and supportive housing projects. Community Preservation Corporation is an example of a CDFI.

Detailed Cost Breakdown of an Adaptive Reuse Project

Item	Cost estimate (to be filled in by user)
Hard cost (Direct Construction Cost). These are physical costs of construction	
Demolition and Abatement: Costs for selective demolition of interior walls, existing utilities, and any necessary environmental remediation (e.g., asbestos, lead, mold).	
Structural: Costs for any structural reinforcements, new floor slabs, or cutting out new shafts or light wells.	
Façade and Roofing: Costs for exterior repairs, window replacement, or creating new window openings. This is a significant cost driver in conversions.	
Mechanical, Electrical, and Plumbing (MEP): This is often the largest line item in a conversion. It includes entirely new HVAC systems (with individual units per apartment), new electrical risers and panels, and new plumbing stacks to each kitchen and bathroom.	
Interior Fit-out: Costs for framing, drywall, insulation, flooring, paint, kitchen cabinetry, appliances, and bathroom fixtures for each residential unit.	
Common Areas: Costs for hallways, lobbies, a new elevator, stairs, and common amenities (e.g., a gym, laundry room).	
Total Hard Costs (sum all lines under hard costs above)	
Soft Costs (Indirect Project Costs): These are all non-construction costs.	
Architectural & Engineering (A&E) Fees: Typically a percentage of hard costs (e.g., 8-12%).	
Legal & Permitting Fees: Costs for land use attorneys, zoning consultants, and filing fees with the Department of Buildings (DOB), Landmarks Preservation Commission (LPC), or other city agencies.	
Taxes and Insurance: Property taxes, liability insurance, builder's risk insurance.	
Feasibility & Due Diligence: The cost of studies like geotechnical reports, environmental assessments, and traffic studies.	
Financing Fees: Loan origination fees, interest during the construction period, and legal fees for closing the loan.	
Total Soft Costs (sum all lines under soft costs above)	
Contingency	
The Unknowns: Adaptive reuse projects almost always have hidden costs. A contingency of 10-15% of the total hard and soft costs is essential to cover unforeseen issues like structural surprises, unexpected code requirements, or environmental cleanup.	

The Full Project Estimate:

Acquisition cost of base building	
+ Hard costs	
+ Soft costs	
+ Contingency	
Total project estimate	

The next step is to engage expert consultation, including a cost estimator or quantity surveyor, an experienced architect, and a general contractor.

Glossary & Other Useful Information

Affordable housing: Usually refers to regulated affordable housing, where income requirements, among other things, apply for tenant eligibility.

Attainable housing: Housing where rent is priced in an affordable range suitable for households in the area. No regulations apply on tenant eligibility.

City of Yes for Housing Opportunity: The legislation was adopted in December 2024 and aims to add 82,000 housing units over the next 15 years. Key changes implemented from the legislation are:

- Adjust zoning laws to allow for modest apartment buildings in town centers (housing above commercial ground floor) and transit-oriented locations near subways or rail stations
- Allowing for accessory dwelling units for 1-2 family building homeowners
- Roll back parking mandates for new housing for certain areas
- Universal Affordability Preference: Allows buildings in medium and high-density districts to add at least 20% more housing, if the additional homes are income-restricted and affordable to households earning 60% of the Area Median Income
- Update regulations for non-residential building conversion into housing to allow for buildings constructed before 1991 (from 1961) and expand geographical eligibility where residential uses are allowed
- Allow small and shared apartments

A central feature of the plan is the Universal Affordability Preference, which grants developers additional floor area in high-density districts if they commit a portion of new units to households earning about 60% of area median income. These reforms will make development more feasible across NYC, opening opportunities in underutilized neighborhoods while embedding affordability into new projects.

For more information on the City of Yes to Housing Opportunity program, please refer to the program's overview at [NYC Department of City Planning](#).

Commercial to residential zoning changes: According to NYC Buildings, changing a building from commercial or manufacturing use to residential use qualifies as a conversion, which requires filing an Alteration Type 1 application since it results in a new or amended Certificate of Occupancy. These projects are treated as major alterations, meaning they must undergo full Department of Buildings (DOB) review, meet zoning and building code standards, and include required inspections. Once all work is approved and inspections are passed, the DOB issues a new Certificate of Occupancy to formally recognize the residential use.

Floor Area Ratio (FAR): Total floor area of building divided by lot area. Therefore, a building of 100,000 SF on a lot area size of 50,000 SF would have a FAR of 2.0. FAR is a zoning tool that limits the maximum allowable building size on a certain lot. The FAR limit differs for various

areas of the city, and can be found in the [NYC Zoning and Land Use map](#) and the [NYC Zoning Resolution](#).¹⁵

Qualifying Residential Sites (QRS): As-of-right mechanism for low density zoning district. Through QRS, developers can access enhanced FAR without a rezoning, unlocking multifamily potential in areas that have historically permitted only one- and two-family homes. A QRS is defined as a lot of at least 5,000 square feet situated within designated residential or equivalent commercial districts, provided it satisfies locational and frontage requirements. In cases where a site is permitted to develop more than 50,000 square feet of residential floor area, the portion above this threshold is required to be reserved for affordable housing.¹⁶

Multiple Dwelling Law (MDL): a New York State statute that sets minimum health and safety standards for all residential buildings occupied by three or more families. It was enacted in 1929 to replace the Tenement House Act of 1901 and address the deplorable living conditions in New York City's tenement housing. The law's purpose is to ensure that all multiple dwellings have adequate light and air, sanitation, fire safety, and structural integrity. While the NYC Building Code has updated many of the MDL's specific, prescriptive rules for new construction, the fundamental principles of the MDL remain in force. The law is still the primary legal framework for the maintenance and alteration of existing residential buildings and is a key regulatory hurdle for adaptive reuse projects.

NYC Building Code for Conversions: Converting a property from commercial to residential use brings both opportunities and challenges. On one hand, adaptive reuse offers the benefits of repurposing underutilized office stock, contributing to housing supply without the need for new ground-up construction. On the other hand, it introduces a range of technical and regulatory hurdles because residential occupancy is held to a different and often more stringent standard than commercial use.

Pros of Conversion to Residential

- Adaptive reuse potential: repurposes vacant or underused commercial buildings, addressing housing shortages while avoiding demolition waste
- Policy alignment: recent zoning reforms, including City of Yes, expand conversion eligibility, offering developers new pathways to residential use
- Market opportunity: residential demand remains strong in New York City, often making conversion financially viable compared to stagnant commercial rents

Cons/Challenges of Conversion

- Life Safety Retrofits: Installing sprinklers and standpipes is costly and invasive.
- Mechanical systems: residential standards for ventilation, heating, and cooling require new shafts, air distribution, and energy upgrades

¹⁵ Fontan, Jorge. "Floor Area Ratio FAR Zoning Calculations · Fontan Architecture." Fontan Architecture, last updated April 12, 2022. <https://fontanarchitecture.com/floor-area-ratio-zoning-far/>.

¹⁶ David Shamshovich, "HPD Advances City of Yes for Housing Opportunity Initiative with New Program Applications," Belkin Burden Goldman LLP, April 23, 2025, <https://bbgllp.com/new/hpd-advances-city-of-yes-for-housing-opportunity-initiative-with-new-program-applications/>.

- Plumbing complexity: conversions necessitate new wet stacks and fixture layouts to meet occupancy requirements, often requiring extensive reconfiguration of existing floor plates
- Energy compliance: Upgrading windows and insulation to meet current energy codes adds costs and complexity
- Acoustic separation: ensuring partitions and floor assemblies achieve residential ratings
 - a. Ensuring compliance when converting to residential
 - b. Common challenges: plumbing, electrical upgrades, HVAC

NYC Department of Housing Preservation & Development (HPD): is the nation's largest municipal housing preservation and development agency and offers a vast array of programs for both new construction and preservation/rehabilitation. A few examples are new construction financing programs for extremely low and low-income affordability, mixed-income, senior affordable rental apartments, and supportive housing.

NYC Housing Development Corporation (HDC): is NYC's municipal housing finance agency and provides financing for affordable housing projects.

- Bond financing of tax-exempt and taxable bonds to finance large-scale affordable housing developments
- Low-Income Housing Tax Credits (LIHTC): allocates federal 4% and 9% LIHTCs, equity sources for affordable housing.

NYC Public Development Corporation (NYEDC - Economic Development Corporation): facilitates the disposition of city-owned land for development, often with affordable housing requirements. This organization also lead large-scale master planning efforts for mixed-use developments with substantial housing (e.g. Willets Point, Coney Island)

485-x: This program replaces the 421-a expired program and is a New York City tax incentive that provides property tax exemptions for new residential developments in exchange for a commitment to include permanently affordable housing and pay construction workers prevailing wages.

J-51: was a New York City tax abatement program that provided property tax exemptions and abatements to building owners who performed major rehabilitations, such as converting a commercial building to residential use or making substantial improvements to an existing residential building. The program expired on June 28, 2022. A replacement for this program is pending as of September 13, 2025.

467-m: is a New York City tax abatement and exemption program designed to incentivize the conversion of commercial and office buildings into residential use by providing a property tax break for the renovated residential portion of the building.