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L.A. development experts call for streamlining of adaptive reuse processes

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“As an industry, we can't continue to demolish our buildings and build new buildings in their place,” said architect Roberto Vazquez.

For the past decade, adaptive reuse has been at the center of Evan Richardson’s general contractor Reaume Richardson.

The firm turned the historic Hotel El Dorado into the residential El Dorado Lofts downtown; outdated apartments into the trendy AKA Hotel Beverly Hills; an underutilized metal fabrication factory into HatchSpaces' lab and testing site in East L.A.; and a former auto shop into Reaume Richardson's own Pasadena, California, headquarters.

Since co-founding Reaume Richardson in 2003, Richardson, who is president of the company, has seen adaptive reuse ebb and flow in popularity. In the trend's latest development, part of the \$308 billion budget signed by Gov. Gavin Newsom last year allocated \$400 million to incentivize conversions of underused commercial buildings into housing across the state, distributing \$150 million last year and the remaining \$250 million this fiscal year.

Roberto Vazquez, project director at Los Angeles architecture firm Omgivning, laid out the benefits and challenges of adaptive reuse as a development option in a letter to Mayor Karen Bass in March on behalf of the American Institute of Architects (AIA) Los Angeles Government Outreach Committee — a professional organization for architects that doubles as a government advocacy group — highlighting recommendations to improve and advance adaptive reuse across L.A.

The benefits: impacting housing creation by sustainably repurposing underutilized buildings. The challenges: time and money.

“As an industry, we can't continue to demolish our buildings and build new buildings in their place,” Vazquez told L.A. Business First. “There's such an impact on our environment as far as climate

change goes. The construction industry in the United States accounts for 48% of greenhouse emissions — it's more than cars.”

Streamlining conversions

While Richardson said the process of receiving California Environmental Quality Act clearances, entitlements, traffic studies and environmental impact reports can cause frustrating delays, he added that adaptive reuse projects have some advantages as existing buildings.

“If it was a building that you're going to tear down and build [from the] ground up, the city is going to make you do a number of different studies to ensure that you're not impacting the surrounding neighbors, like shade studies to ensure that you're not blocking somebody's view,” he said. “Whereas on an existing building, it's already there. You're just changing the risk category and use.”

Sejal Sonani, managing director at Los Angeles-based HLW Architects, echoed that sentiment, but said the city of Los Angeles could streamline the process further.

“You can save time during the approval process because there's a building there already,” she said. “If the approval process got faster, then it would be much more enticing even if the cost was slightly higher to convert a building than to build a new one. From a sustainability standpoint, as the focus is on ESG [environmental, social and governance] for a lot of investors, the carbon footprint is so much smaller for an existing building to be converted.”

In his letter to the mayor, Vazquez also noted that the city of Los Angeles could make adaptive reuse more enticing to developers by streamlining the process and incentivizing adaptive reuse projects to include affordable housing units, especially as the current state budget carves out \$410 million in funds for the concept.

In Downtown L.A., the city is already trying to simplify the process as the Los Angeles City Planning Commission is poised to approve the DTLA 2040 Plan, which Omgivning consulted on. Vazquez said the plan's big effect on adaptive reuse comes from the incentives offered and a preapproval for developers planning reuse projects.

"That gives that building owner a certainty that they're not going to have to submit for entitlements and the unknown," he said. "The program gives the building owner or developer certainty that their project is going to get approved. You don't even need to submit for entitlements or any type of zoning review — you just go straight to the building department and submit your construction plans. So it reduces risk uncertainty, and then it also reduces the timeline."

Price of construction

Lee & Associates Senior Vice President Evan Jurgensen said some developers the firm works with find the price of adaptive reuse projects to be a deterrent.

"It's very expensive," he told L.A. Business First. "It was obviously exacerbated during the pandemic with [supply-chain issues] and there was increased demand, so prices really went up on construction. I think we've seen them come down a little bit, but not a ton."

Policy changes are one proposed solution to making adaptive reuse more economically feasible, and Sonani also said converting offices into affordable housing makes the process cheaper due to state tax credits. Historic preservation projects also benefit from tax credits developers may want to take advantage of.

In a report on adaptive reuse by Rand Corp., about 2,300 underutilized commercial properties were identified as fits for residential conversion in L.A. County, with 787 of those being office properties. If converted, the properties could add between 72,000 to 113,000 rental units, representing about 9% to 14% of the total

housing L.A. County needs to produce over the next eight years, according to the Southern California Association of Governments.

Looking at construction costs, the study found adaptive reuse projects cost 48% less than new construction projects, with an estimated savings of 27% when assessing total development costs.

The study found hotels and motels to be the most realistic low-risk properties to convert into housing, while office conversions varied. One- and two-bedroom apartment types appeared to be “financially infeasible,” Rand found, but studio apartments showed more promise.

Seismic upgrades and age as factors

According to the Rand study, the logistical and financial feasibility of converting office and retail properties is dependent on the characteristics of each building’s size, floor layout, construction type and condition. When assessing the value of an adaptive reuse project, Richardson looks at the age and infrastructure of the building, specifically when converting from office to housing.

For a historic office building, those built between 1900 and 1980, the plumbing, electric and safety devices will be obsolete, Richardson said, noting structures in downtown's Historic Core, Hollywood and Santa Monica.

"Those are one kind of project and they lack all infrastructure," he said. "You're essentially buying a structure and nothing else is usable."

For structures built after the 1980s, Richardson considers the building strengths, such as better-maintained elevators that serve all floors, proper lobbies, stairs, a fire alarm control panel with devices throughout the space and a fire sprinkler system with a fire pump, automatic transfer switch and emergency generators in the building.

Sonani said these factors, as well as overall seismic retrofitting for existing buildings, are a heavy weight for developers and architects alike.

"When you change from office to residential, you have to adhere to a higher seismic factor and fire safety requirements because occupants will be sleeping in the area," she said. "There's different safety requirements and code upgrades, which sometimes trigger more expensive structural upgrades to the building."

In his letter, Vazquez proposed a solution for Bass and the city: a multidisciplinary task force assembled by the city, studying how to reduce construction costs and the approval period for the mandatory retrofit analysis for office to residential developments.

"A multidisciplinary task force is necessary as it will assist the engineering community in understanding the total cost associated with a mandatory seismic upgrade," he wrote. "It's important to note that a significant amount of the cost is the collateral cost involved with seismically upgrading a building, especially when a goal of a conversion project is to maintain partial occupancy during construction."

As expensive as adaptive reuse projects can be, Jurgenson said an equilibrium will be reached before adaptive reuse projects claim every office building in downtown L.A.

"We're seeing buildings trade downtown for significantly cheaper than they were bought for several years ago," he said. "There's only so low that these companies can drop rents, so the buildings have to trade at a significant discount until the new owner can afford to drop rents to where they can start filling spaces again. We're going to continue to see more buildings downtown trade, but I think we'll hit that equilibrium before we see all the high-rises in downtown being converted to residential."

Despite the adaptive reuse obstacle course to traverse, the pros may outweigh the cons. Richardson's firm specializes in adaptive

reuse projects, and while he's been outspoken on the many complications in the industry, Richardson still has a love for the development option.

"I really do like taking something that has been abandoned and then bringing life back into it," Richardson said. "It's fun to be a part of that. I like not throwing things away, so being able to reuse something and let people experience it is a real joy."



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