

THE REVIVAL OF VACANT OFFICE SPACE: EXAMINING OFFICE TO RESIDENTIAL CONVERSION PROJECTS IN CALGARY'S DOWNTOWN

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REASONS FOR RESEARCH

The city of Calgary is currently experiencing an office vacancy crisis in its downtown. In January of 2022, one-third of downtown Calgary office space sat vacant. Stimulated primarily by changes in the city's economy and the COVID-19 pandemic, the municipal government was forced to reevaluate the downtown urban environment and take necessary steps to quickly address the issue. Among these steps was support for eliminating vacant office space in the downtown by converting for residential uses.

RESEARCH QUESTIONS

1. What strategies has the municipal government in Calgary used to advance the repurposing of vacant office space into housing?
2. What considerations and challenges has the municipal government faced when advancing the conversion of vacant office space into housing?
3. What opportunities and challenges have developers in Calgary encountered when converting vacant office space into housing?
4. What lessons does the Calgary example offer other cities aiming to increase their housing stock through office space conversion?



METHODS



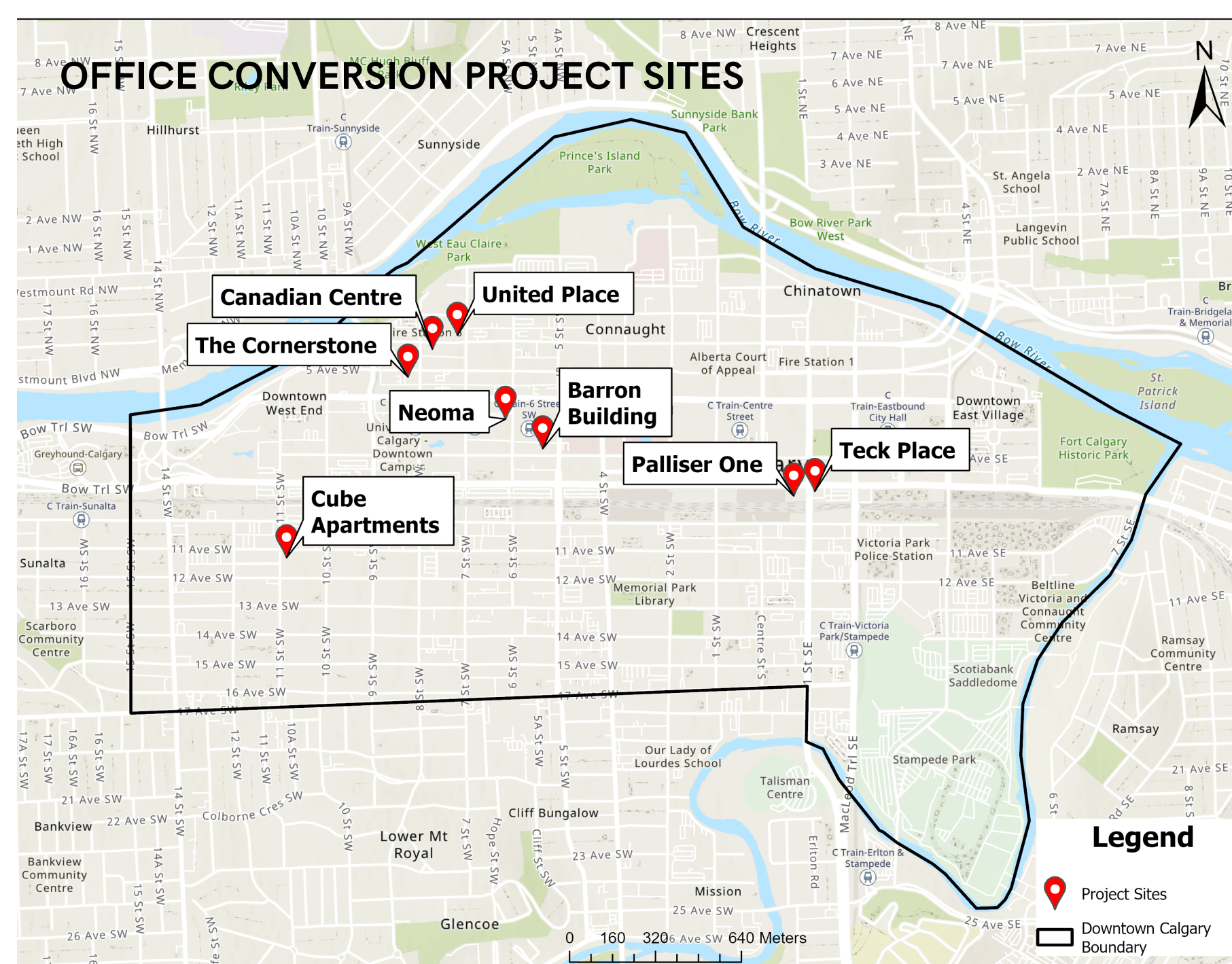
SEMI-STRUCTURED INTERVIEWS

- 6 with Development Professionals
- 1 with City of Calgary Employee
- All participant's involved with supporting completed or ongoing office to residential conversion projects



CONTEXT ANALYSIS

- Examined how the surrounding urban environment may have influenced the office to residential conversion projects
- Mapped surrounding land use and amenities
- Analyzed census tract data



KEY FINDINGS

PUBLIC SECTOR PROFESSIONAL INTERVIEW - KEY THEMES

1.) THE USE OF VARIOUS STRATEGIES

- Professional revealed the use of several strategies used to incentivize and advance office to residential conversions
- Strategies included:
 - A dedicated conversion team to support projects
 - Financial incentives
 - Flexible planning policy such as development permit exemptions

2.) PRIMARY FOCUS ON EXISTING BUILDING

- Interviewee noted that the primary consideration when approving office to residential conversion is the technical feasibility of project
- As many projects were exempt from a development permit, there was no mechanism to examine the impact of the conversion on the surrounding environment

3.) NO MAJOR CHALLENGES IDENTIFIED

- No major challenges were identified with the existing projects
- Professional did note a challenge around sustaining financial incentive funding

DEVELOPMENT PROFESSIONAL INTERVIEW- KEY THEMES

1.) CHALLENGES ARE TECHNICAL RATHER THAN POLICY RELATED

- Professionals noted that major challenges with office to residential conversion projects arise from design limitations around the existing building layout that impact profitability
- Another challenge is that the existing building systems (electrical, plumbing etc.) are older and cannot support a residential development leading to significant upgrading costs
- None of the Development Professionals noted any challenges with municipal planning or building policy

2.) EXTENDING THE BENEFITS BEYOND REDUCING VACANT OFFICE SPACE

- Professionals revealed that undertaking an office to residential conversion enabled their development company to support sustainability efforts by reusing materials and embodied carbon that would have ended up in the landfill if the building was demolished
- Professionals also highlighted that undertaking a conversion project helped benefit the entire city by creating jobs for Calgarians and increasing tax revenue for the Municipal Government

3.) FAVOURABLE DEVELOPMENT CONDITIONS

- Professionals revealed several features that made undertaking an office to residential conversion in Calgary's downtown particularly advantageous
- Advantages included:
 - Opportune location for residential development with close proximity to various services and amenities
 - Access to municipal funding grants
 - Time and cost advantages due to the City's adoption of flexible planning policy
 - Conducive real-estate market conditions enabling the purchase of a building at low cost with high demand for residential units

CONTEXT ANALYSIS - KEY THEMES

1.) LIMITED RESIDENTIAL SUPPLY WITH INCREASING POPULATION IN SURROUNDING AREA

- Majority of the properties in the downtown area are non-residential
- Conversion projects are located in areas of downtown with the least amount of residential development
- Census tracts in which projects are located have seen considerably more population growth compared to the entire city of Calgary

2.) CLOSE PROXIMITY TO VARIOUS SERVICES AND AMENITIES

- All of the conversion projects are located in close proximity to the light rail transit system, various bus stops and transit routes, and indoor and outdoor recreational opportunities

CONCLUSION

While much remains to be seen about the future of the physical workplace and demands for office space in cities, this research has highlighted specific strategies, challenges, considerations and opportunities that arise when converting office space to residential use and can serve as valuable insight for future office conversion projects.