



An Ghníomhaireacht
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HOUSING INSIGHTS

Office-to-Residential Conversions: Case studies from Tuath Housing



What is The Housing Agency?

The Housing Agency is a Government body working with the Department of Housing, Local Government and Heritage, local authorities and Approved Housing Bodies in the delivery of housing and housing services. The Agency's vision is to achieve an integrated housing system, meeting the nation's housing needs and promoting sustainable communities. It does this by providing evidence-based housing insights and data that inform thinking and policy-making; by working with others to enable the delivery of housing solutions and to implement programmes and actions in Government housing policy; and by equipping itself and its stakeholders with the capacity required to respond quickly and effectively to challenges in the housing system.

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What is the Housing Insights series?

The Housing Agency Housing Insight series aims to disseminate good practice in housing and innovative solutions among housing practitioners in Ireland.

If you have ideas for a case study, contact roslyn.molloy@housingagency.ie.

More publications, information and reports can be found at www.housingagency.ie

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Office-to-Residential Conversions: Case studies from Tuath Housing

Introduction

In response to increasing housing need, Tuath Housing delivered 86 social housing homes at the Plaza Building in Park West Business Park Dublin 12, and 35 social homes at Springville House in Cork.

Tuath Housing identified two vacant properties and provided an innovative solution to convert the commercial premises for residential use. This Housing Agency Housing Insights paper describes how the Approved Housing Body (AHB) collaborated with stakeholders to successfully carry out these two conversion projects. Pathway Four of the Government's Housing for All (2021) programme sets out addressing vacancy and ensuring the efficient use of existing stock as priorities for the housing sector going forward. The benefits associated with retrofitting an existing development are complimentary to the programme's vision for sustainable communities. In response to this challenge, The Housing Agency has set up a Property Optimisation Unit. The aim of this case study is to provide the learnings to other social housing providers to be able to replicate with similar projects.

Insights

Repurposing a vacant building can save up to 73% in embodied carbon compared with a demolition and re-build

Office-to-residential conversion projects can contribute to the development of sustainable communities

Collaboration is an essential component of a successful office-to-residential conversion project

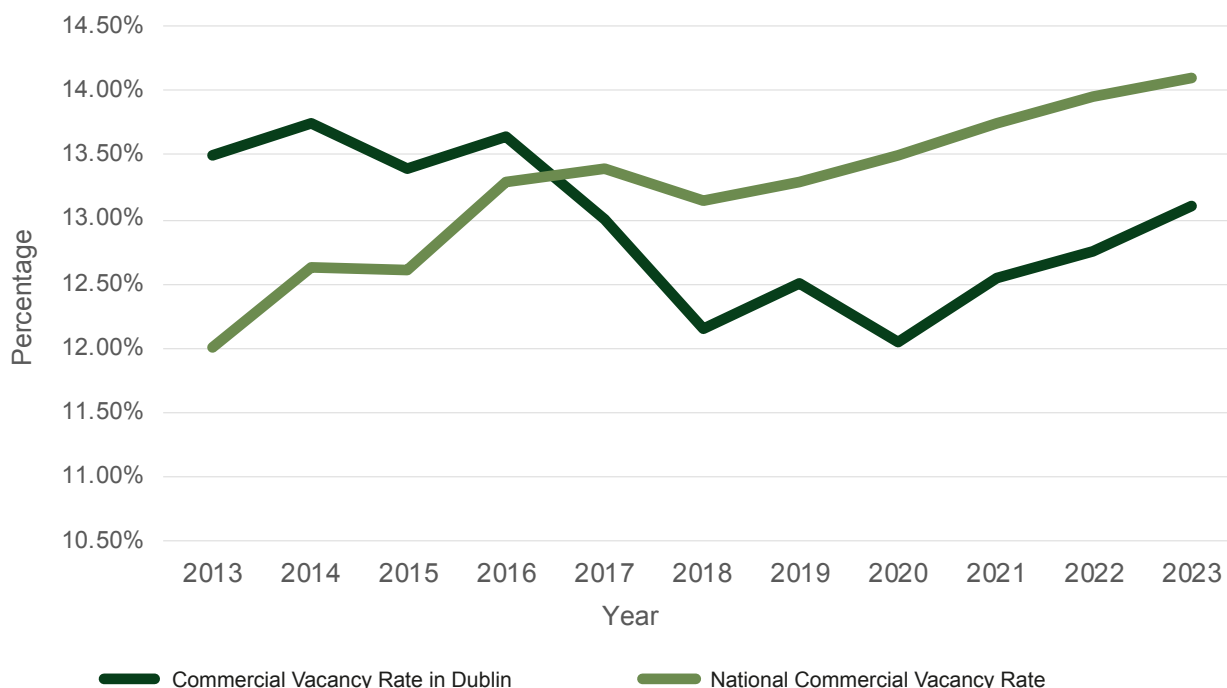
What was the issue?

Commercial vacancy rates

Commercial vacancy rates have seen a steady increase since 2018. A report by GeoDirectory found that commercial vacancy rates have increased in twenty out of twenty-six counties in the twelve months to June 2023.¹ In total, there were 29,798 vacant commercial units recorded across Ireland in June 2023, a rise of 557 when compared with the previous year. Dublin recorded an increase of 0.5% in the year to June 2023, with the commercial vacancy rate rising to 13.1%. The report found that the national commercial vacancy rate rose to a 10-year high by June 2023 (14.1%).

Figure 1 shows the commercial vacancy rates in Ireland from 2013 to 2022. The national commercial vacancy rate has been rising steadily since 2013, with some small fluctuations. It is important to note it was already increasing from 2018, pre-pandemic and the introduction of hybrid working models. The commercial vacancy rate in Dublin experienced a decrease from 2016 to 2018 but has seen a steady increase since 2020.

Figure 1: Commercial Vacancy Rates in Ireland, 2013-2022



Source: GeoDirectory Commercial Buildings Report 2013-2022. Prepared by The Housing Agency

¹ GeoDirectory. (2023). *Commercial Buildings Report Issue 25*.

Trends in working patterns have shifted towards a hybrid model, which has impacted the viability of commercial space, illustrated in the increased national commercial vacancy rate. According to the CSO, just under one in four (23%) of people in employment worked remotely at some point before the Covid-19 pandemic, compared to just under two in three (65%) of people working remotely all or some of the time as of November 2021.²

Housing need

The Summary of Social Housing Assessments 2022³ showed 57,842 households were assessed as being qualified for, and in need of, social housing support as of 1 November 2022. This report identifies Dublin City as having the greatest need for social housing support of the 31 local authorities, with 11,793 households on the waiting list, representing just over a fifth of all households qualified for social housing support. In 2022, Cork City had 3,886 qualified households for social housing support and 3,886 households on the waiting list.

Planning Regulations

The planning regulations related to the conversion of commercial buildings have changed in recent years. The Planning and Development Act (Exempted Development) Regulations 2022 updated the 2018 Act⁴, which introduced exemptions aimed at the productive re-use of qualifying vacant commercial buildings as homes. The 2022 Act extends the exemption to 31st December 2025. The 2018 Act stated that works could not affect the external appearance of the building. However, the 2022 Act has updated this rule, and now 50% of the external fabric must be retained. To be eligible, the structure must have been completed by 8th February 2018, meaning the focus is on repurposing older vacant properties.

Embodied carbon associated with new builds

Housing Policy Objective 21 under *Housing for All* is to “drive environmental sustainability in our housing stock”. Reducing the amount of energy and fossil fuels used in homes is an important part of the government’s Climate Action Plan.

Currently, 37% of carbon emissions in Ireland stem from the construction sector, with 23% resulting from operational emissions and a further 14% from the embodied carbon emissions, including the production and transport of construction materials and the construction process itself.⁵ A report by the American Institute of Architects⁶ has found that up to 50% of emissions can be saved through the re-use and retrofit of an existing building, compared to a new build development.

2 Central Statistics Office. (2021). *Our Lives Online: Remote Work*.

3 The Housing Agency. (2022). *Summary of Social Housing Assessments 2022 Key Findings*.

4 The Planning and Development (Amendment) (No. 2) Regulations 2018

5 O'Hegarty, R., Wall, S. & Kinnane, O. (2022) *Whole Life Carbon in Construction and the Built Environment Ireland*. Dublin: IGBC.

6 American Institute of Architects. (2021). *Strategies for reducing embodied carbon*.

Experience from other jurisdictions

Office-to-residential conversion projects have been carried out in other countries, such as Canada. In 2021, the City of Calgary announced its Downtown Conversion Plan in 2021, offering developers up to \$75 per square foot to convert office towers to residential, and up to \$15 million per project. The plan aims to repurpose six million square feet of commercial space from the downtown core over the next decade. As of May 2023, 1.25 million square feet of office space has been confirmed for conversion.⁷

Similar incentives have been offered in New York City. In 1995, the New York City Department of Housing Preservation and Development introduced a property tax incentive programme, which encouraged lower Manhattan property owners to convert vacant office buildings into residential use. The incentive was used to convert nearly 13 million square feet of office space (13% of the lower Manhattan office market) to residential use between 1995 and 2006. It is estimated that the programme helped the creation of 200,000 residential units.⁸ Offices have also been converted to residential units without Government subsidies. In 2023, the New York City Department of City Planning launched the Office Conversion Accelerator programme, which aims to expedite conversion projects of vacant commercial buildings. As of January 2024, 46 properties had signed up to the programme. From 2010 to 2020, more than 4,300 residential units have been created through office-to-residential conversions. In the same period, more than 3,800 hotel rooms have been created through office-to-hotel conversions.⁹

What was the solution?

One of Tuath Housing's core values relates to sustainability and resilience and one of their key strategic objectives under their Strategic Plan 2023-2027¹⁰ aims to deliver a sustainable future. Tuath Housing are developing a roadmap towards a lower carbon and more sustainable future for their residents.



Park West Plaza before the office-to-residential conversion



Park West Plaza after the office-to-residential conversion

⁷ JLL. (2023). *Approved Calgary Conversions*.

⁸ Canadian Urban Institute. (2023). *The Case for Conversions: Understanding opportunities for conversions of office space to housing in Canadian downtowns*.

⁹ NYC Planning. (2023). *New York City Office Adaptive Reuse Study*.

¹⁰ Tuath Housing. (2023). *Strategic Plan 2023-2027*.

Tuath Housing had some experience with vacant building conversions, as they had converted an old mill in Dundalk town centre to thirteen apartments and an office space, which they now use. Having gained confidence with this experience, Tuath Housing were keen to expand their housing delivery through this avenue. Tuath Housing saw these ventures as an opportunity to further their sustainability goals, while delivering housing in areas of high demand. Tuath Housing consulted colleagues in other countries such as England, Denmark, and the Netherlands to learn from their experience in office conversion projects. Their development partner for Park West Plaza, Harcourt Developments, also had experience in the United Kingdom delivering office-to-residential conversions at scale.

The following section details two office-to-residential conversion projects delivered by Tuath Housing: Park West Plaza in Dublin and Springville House in Cork City. For both locations, there was limited potential of new home delivery in the respective area, and so, Tuath recognised this as an opportunity to provide housing in well-served, city locations in Cork and Dublin.

In 2020, as part of a collaborative partnership, Tuath Housing undertook one of Ireland's first large-scale office-to-residential conversion projects at Park West Plaza. The buildings are located within the 230-acre Park West Business Park, built by Harcourt Developments in the late 1990s and early 2000s. Most of the buildings are occupied by companies, however, the two adjoining blocks known as 70 and 72 The Plaza, never secured commercial tenants and lay vacant for over twenty years. In 2018, Harcourt Developments secured planning permission to convert the two blocks into apartments. In 2022, Tuath Housing completed the conversion of these offices into homes using financing from the Department of Housing, Local Government and Heritage and a loan from AIB's Social Investment Fund. Together with Harcourt Developments, they converted the two four-storey office blocks into a five-story development with 86 apartments. Figure 2 below illustrates the different stakeholders involved in this project.

Figure 2: Stakeholders involved in Park West Plaza



In 2021, Tuath Housing undertook the first office-to-residential conversion scheme in Cork at Springville House. Springville House was originally built in the 1960s for use as an office building. The building lay vacant for over 10 years. Two separate attempts to secure planning permission for residential development were unsuccessful before the property was acquired by MMD Construction, which then worked with Cork City Council and Tuath Housing on the conversion project. In 2019, City Councillors approved an amended Part 8 plan to adapt and extend the building, and then change its use to facilitate residential development.

Tuath Housing took many actions to successfully carry out the two conversion projects. However, three actions stand out as being key to the successful delivery of two office-to-residential conversion projects. The following section will look at these three actions in more detail.

Figure 3: Key actions taken by Tuath Housing



Collaborated with the relevant local authorities

From concept, Tuath worked closely with the relevant local authorities for both projects. To successfully obtain planning permission for both conversion projects, it was essential for Tuath Housing and Harcourt Developments to have an open dialogue with the relevant local authority's planning and housing department.

For Park West Plaza, Tuath Housing approached Dublin City Council, which was supportive of Tuath Housing's involvement as there was a lack of new homes being developed in the area, despite it being an area of high housing demand and need. Tuath Housing worked closely with Dublin City Council's allocation team to allocate the units to people on the housing waiting list.

For Springville House, Cork City Council were involved throughout the project. Cork City Council procured the site via a competitive dialogue process and transferred it to Tuath Housing. Tuath Housing then took ownership of the building and site. Tuath Housing contract-managed the construction process as a direct build project, funded by monthly stage payments. When the building was ready for occupation, Cork City Council's allocation team worked closely with Tuath Housing's housing management team to ensure that the right-sizing initiative was successful. The developer, MMD Construction, was selected as part of the Cork City Council's competitive dialogue process and their appointment was transferred to Tuath Housing. The developer, the design team and Tuath Housing then formed the overall project team.

Found innovative solutions to planning obstacles

For both projects, Tuath Housing collaborated with the developer and their architects to find solutions to planning challenges.

Several solutions were found:

- To increase residential output, an additional penthouse floor was added to the original Plaza building, which significantly increased density while having minimal environmental impact.
- Internal garden rooms were provided in each apartment at Park West Plaza to address the requirement that apartments should have private open space by way of balconies.
- Original internal metal staircases were upgraded to meet current standards.
- Entrance doors were upgraded to facilitate greater footfall and the use of prams.
- Windows were replaced with windows that open in Park West Plaza and window sizes were reduced by enclosing and insulating the upper and lower part of the original wall to wall office windows.
- In Springville House, the existing basement was refurbished for refuse space and bicycle storage.

Considered the requirements of residential tenants throughout the design process

In both Park West Plaza and Springville House, units were not originally designed for residential living. Tuath Housing worked with an interior designer to make the spaces more liveable and incorporate aspects like concrete pillars into the new homes. The requirements of tenants compared to office workers was considered in the design, as both groups have different requirements related to heating, ventilation, natural light, and access to outdoor space. Dual aspect requirements and planning regulations were major considerations unique to residential accommodation.

Tuath Housing took the following actions to address these considerations:

- Soundproof membrane was installed to limit noise transfer between apartments.
- Heating systems were changed to facilitate individual metering and improve energy efficiency.
- Additional space was required for post-boxes, bin storage and bicycle storage.
- An empty space was acquired in Park West Plaza for a community space for tenants.
- An “Internet Café Corner” will be provided in Park West Plaza, where tenants can access information about local services, schools, and childcare centres.
- An open style kitchen will be created to provide drop-in mornings or afternoons for both adults and youths. The room’s design will take into consideration any additional needs of tenants, such as sensory needs or those with disabilities.
- To improve community living, both blocks connect at second floor level at Park West.
- For ease of access, lift services operate in each block offering access to all floor levels.
- For people with impaired mobility, code access has been installed.

What were the outcomes?



Springville House before the office-to-residential conversion



Springville House after the office-to-residential conversion

New supply of homes

121 new homes have been delivered from two vacant buildings in Park West Plaza, Dublin 12 and Springville House, Cork City.

Park West Plaza is now fully occupied and is home to more than 200 people who were previously on the Dublin City Council housing waiting list. There are 34 one-bedroom and 52 two-bedroom apartments.

Springville House is now home to 35 social tenants aged 60 years and over who have rightsized. There are 13 two-bedroom apartments and 18 one-bedroom apartments, with four one-bedroom single-storey houses also built on the site.

Cost savings

According to Mitchell McDermott, the average total development cost of a mid-range suburban 2-bed apartment is more than €460k, including indirect costs, siteworks and VAT.¹¹ In 2021, the Society of Chartered Surveyors Ireland reported that the total development costs of medium rise apartments in Dublin City and its suburbs ranged from €411k to €619k.¹²

In Park West Plaza, units were delivered at an average cost of €309k per unit and in Springville House, they were delivered at an average cost of €353k per unit.¹³

Improved Building Energy Rating (BER)

Park West Plaza has achieved energy ratings between A2 to B2. 34% of the apartments are A rated and 66% are B rated. The garden rooms contributed to increasing the overall BER of each apartment, resulting in reduced utility bills for tenants. Springville House now has twenty units with an A2 rating and 15 units with an A3 rating.

¹¹ Mitchell McDermott. (2023). *Annual Construction Sector Report*.

¹² Society of Chartered Surveyors Ireland. (2021). *The Real Costs of New Apartment Delivery. Analysis of apartment development costs and viability*.

¹³ Costs are inclusive of VAT, land, building costs and professional fees

Carbon savings

Tuath Housing worked with an external consultant to undertake a carbon analysis report of the Park West Plaza office conversion project. The report measures the environmental impact associated with the whole-of-life renovation, comparing it against (a) full demolition and re-build and (b) a new build of comparable residential building. The results indicated a 73% reduction in embodied carbon versus a demolition and re-build and a 62% embodied carbon reduction compared with a new build of similar type.

Sense of community

Park West Plaza is designed to encourage community living and includes a range of amenities such as a community centre, a gym, and a children's play area, which promotes social interaction and community cohesion. To promote safety and security, Tuath Housing have added additional security cameras and there is a full-time onsite caretaker. There is a sense of community within the development and many of the tenants who moved into the Park West Plaza development have remained geographically close to families and relatives. Retail shops which had previously closed their doors have now reopened and another residential development has secured planning permission near Park West Plaza, which will have a further positive effect on the community. A residents' association at Park West Plaza has been formed and Tuath Housing have plans to set up a residents' committee and communal garden at Springville House.

Feedback from tenants

Residents at Park West Plaza and Springville House are extremely pleased with the quality of the homes and the overall buildings. A story from a tenant in Springville House illustrates this below.

"I am one of the earliest residents in Springville House, my first-time taste of apartment living. My foremost concerns were safety and security, but these were immediately allayed by Tuath and living here for the past 9 months has been a very positive experience.

From the day I walked over the threshold I knew I was home, it just felt like I belonged. I set about the job of downsizing, never easy but had to be done and am well settled in now. My apartment is warm, quiet and beautifully situated with an east facing balcony benefitting from morning light.

With the help of Tuath, and in particular Sonya our property manager and Kayleigh, we have set up a resident's group and are being guided through the process with both online support as well as people on the ground. To date we have had a few coffee/information mornings which have been beneficial particularly to residents new to the area.

I look forward to many healthy and happy years here in Springville. Thank you to Cork City Council, Tuath, my family, friends and all who have supported me through this process."

- Loretto Scully (tenant in Springville House)



Challenges

Tuath Housing did speak about the various challenges in achieving successful office-to-residential conversion projects at Park West Plaza and Springville House:

- Both projects were developer-led fixed price contracts and as a result, financial risk lay with the developers. There are risks in developing an older building as the developer may be impacted by unforeseen issues that only become known during the refurbishment, leading to unforeseen costs, potentially threatening the viability of the development.
- Although the cost per unit fell below what a new build apartment would be in a similar area for both projects, there are challenges in the current financial environment which may result in the cost of delivery exceeding open market value, resulting in an impaired asset. Some developments may not be financially viable, however, the social value involved should be considered.
- Design solutions are required to make lobby areas and staircases more appropriate for the needs of residents, which differ from office users.
- The lack of suitable conversion projects, despite increasing vacancy rates.

Lessons learned

Lessons for AHBs and local authorities seeking to carry out an office-to-residential conversion project include:

1. Conversion projects can contribute to the development of sustainable communities

Park West Plaza is located close to public transport links, key infrastructure and now additional services are being provided in the area. Springville House in Cork is in a central and sustainable location, near to services and key infrastructure for older tenants. It is an example of the potential of conversion projects to provide age-friendly housing as well as rightsizing opportunities, in line with Housing for All targets.

2. Collaboration is critical

Collaboration between the different working parties was critical. As a result, Tuath Housing have developed a good working relationship with Harcourt Developments as well as Dublin City Council and Cork City Council. Both conversion projects would not have been possible without the help of the relevant local authorities.

3. Engaging with tenants can be beneficial to the design process

For Springville House, the target group for housing need was known from the outset of the project, which led the design intent from the beginning. The project was designed to ensure that Springville House would be a positive, desirable option for tenants looking to rightsize, and it was important to communicate the advantages to tenants. An open day was held for prospective tenants to view the

building and the different apartment types. Viewing the apartments in person allowed the tenants to assess the layout, room sizes, storage options, accessibility, and safety features. Although Tuath Housing worked with an interior designer to make the spaces more liveable for tenants, it would have been valuable to involve the tenants from the start of the design process.

4. Viability remains a challenge

It is crucial to ensure the viability of a conversion project and to ensure it meets the needs of the area. Both projects were expensive and required revised costings. Funding for conversion projects is assessed in the same manner as new builds. Given the sustainability element of these projects, a different assessment process could be applied, and carbon savings could be considered in funding applications.

Future Outlook

Given the central location of many office spaces, they are highly desirable for housing conversions. The two conversion projects detailed in this paper could serve as the blueprint for future developments. Projects such as Park West Plaza and Springville House can be replicated throughout Ireland, with the support of local authorities and partnerships with development partners. Research by Cushman and Wakefield estimates that 76% of office stock in eleven countries across Europe will be at risk of obsolescence by 2030.¹⁴ Office-to-residential conversion projects are a sustainable housing solution, which can help to regenerate areas suffering from vacancy and dereliction, promote the creation of sustainable communities and contribute towards environmental targets.

As a result of the success of Park West Plaza and Springville House, Tuath Housing and local authorities across Dublin are identifying additional conversion projects in the city. Harcourt Developments is also looking at two further conversions in Park West, involving the commercial ground floors of two residential blocks which would result in seventeen apartments in one office block.¹⁵

Conversion projects contribute to carbon savings, result in the productive re-use of a vacant building and are favourable to environmental and sustainability goals. The funding of these projects could be considered to help support the conversion of vacant commercial buildings.

Viability for office-to-residential conversion projects will remain a challenge, given increasing construction costs, supply chain issues and higher interest rates. However, Tuath Housing encourage other Approved Housing Bodies and local authorities to consider this avenue of housing provision, and they say innovative measures will be required to compliment housing delivery. When asked what advice Tuath Housing would give to another Approved Housing Body, they said that once the homes are occupied, they are managed like every other home in an AHBs portfolio. According to them, it is an excellent opportunity to repurpose a building and be involved in a sustainable development.

14 Cushman and Wakefield. (2023). *Europe Obsolescence Equals Opportunity*.

15 Buckley, D. (2023, June 10). Out of office: the pros and cons of converting to residential. *The Business Post*.

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