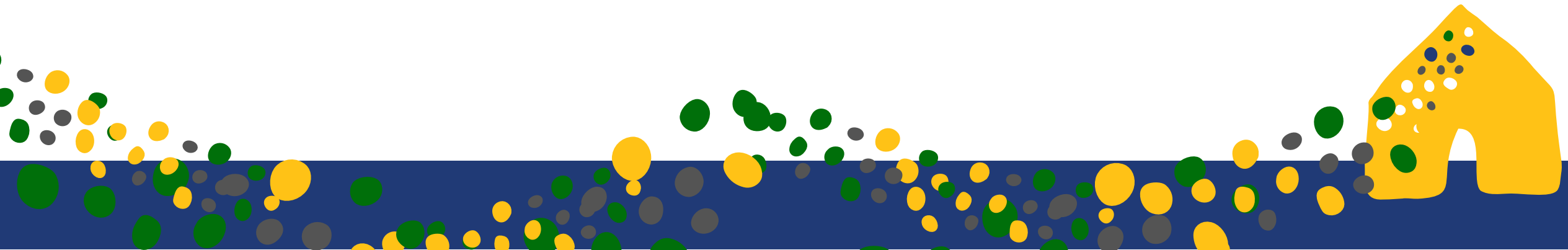


Office to Co-Living: Transforming Commercial Spaces into Affordable Housing



Office to Co-Living: Transforming Commercial Spaces into Affordable Housing

Alex Horowitz, Pew Charitable
Trusts



How Reforms to Allow More Homes Reduce Homelessness

Alex Horowitz, The Pew Charitable Trusts
Presentation to Connecticut's Annual Training Institute

May 21, 2025

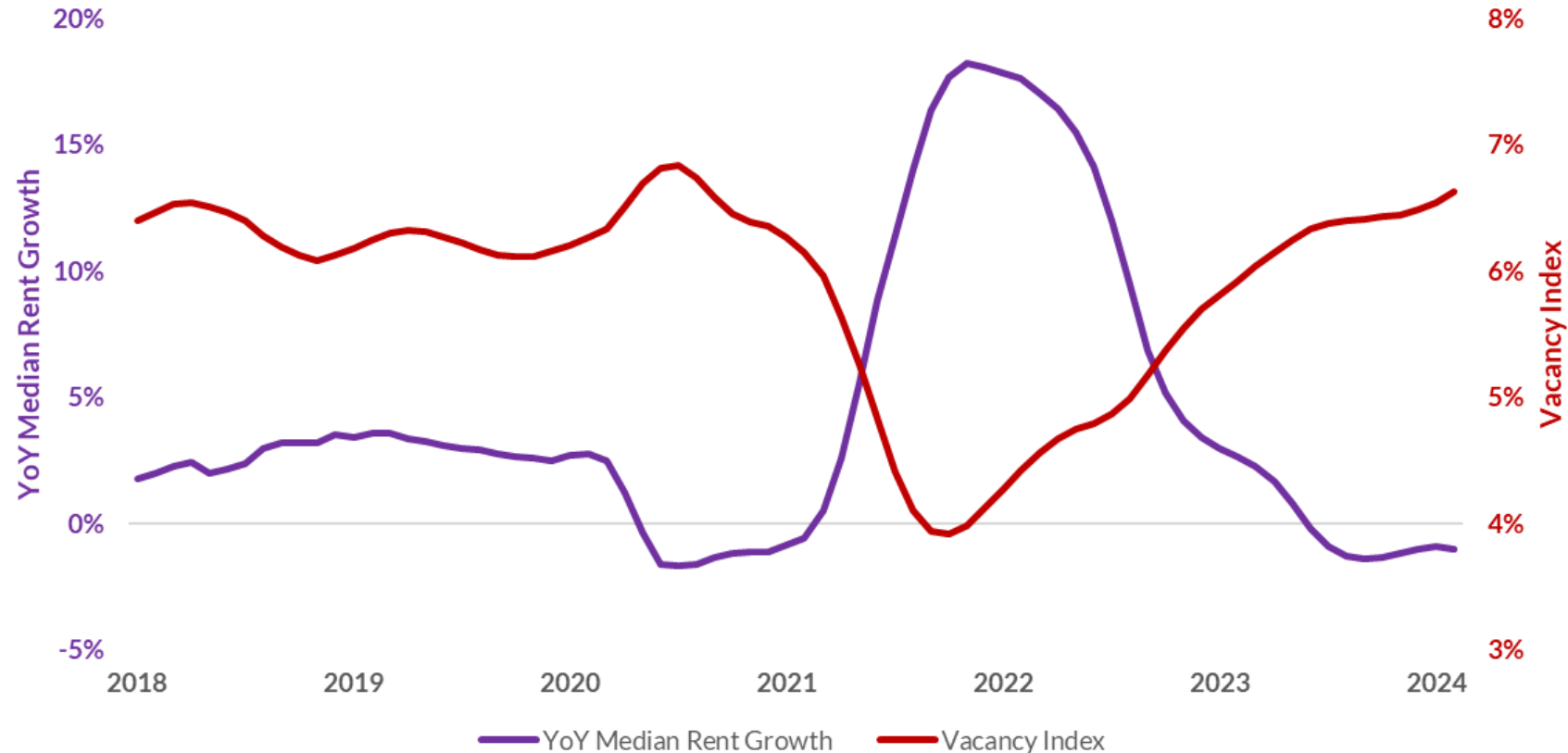
Pew

Rents Nationally Have Reached an All-Time High in the Past Year

- U.S. has a shortage of 4-7 million homes
- Half of renters are spending more than 30% of income on rent (CT: 51%)
- One-quarter of renters are spending more than 50% of income on rent (CT: 29%)
- Both figures are all-time highs
- 63% of U.S. households have 1 or 2 people (Connecticut: also 63%)

Rents Rise Quickly When Shortages Occur

Rent Growth vs. Vacancy Rate in the United States



Connecticut rental
availability rate:

Mar. 2017: 9.0%

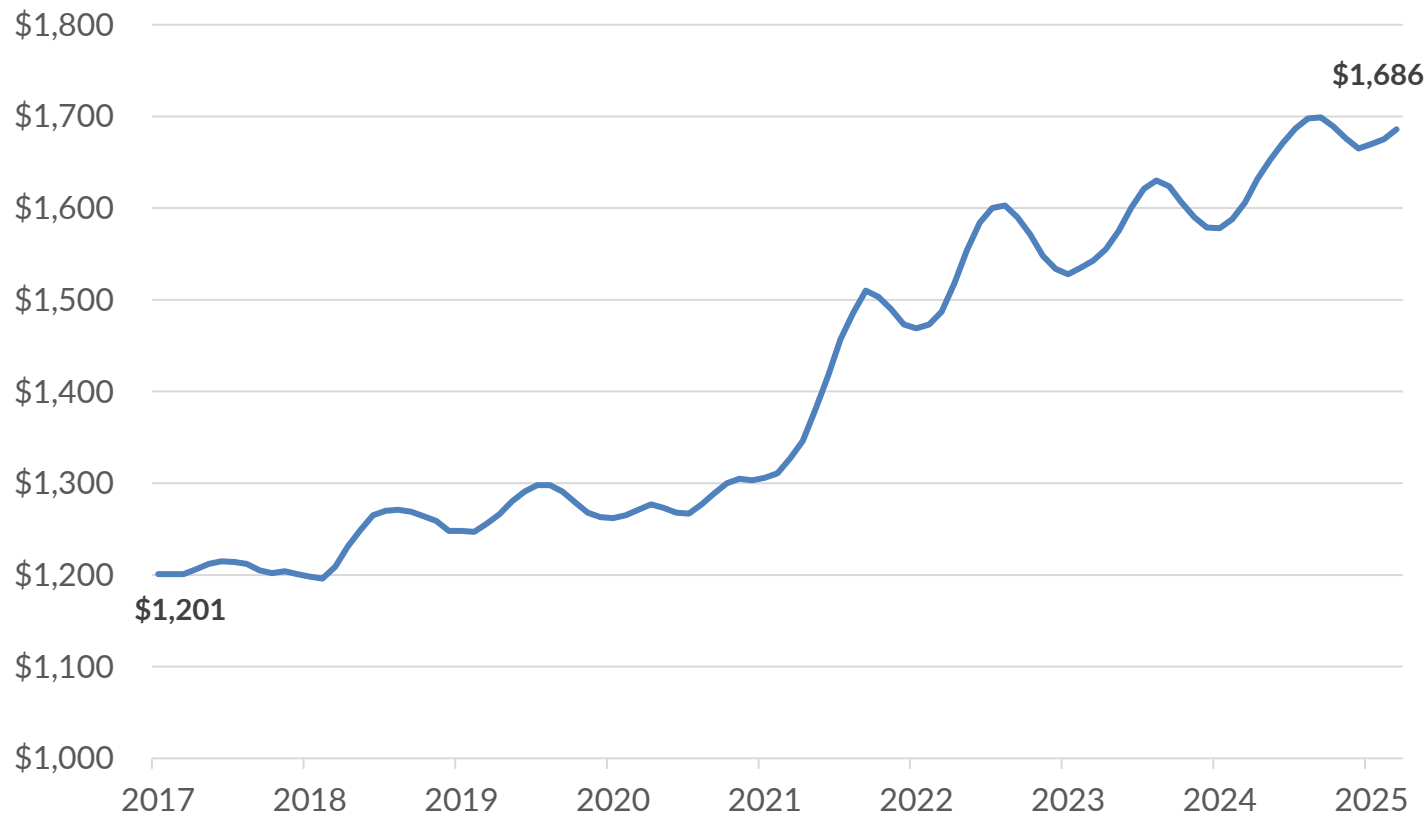
Mar. 2025: 5.8%

Source: Data from Apartment List



Connecticut Rents Soar Amidst Shortage

Median Monthly Rent in Connecticut
Increased 40% from Jan. 2017 to Mar. 2025

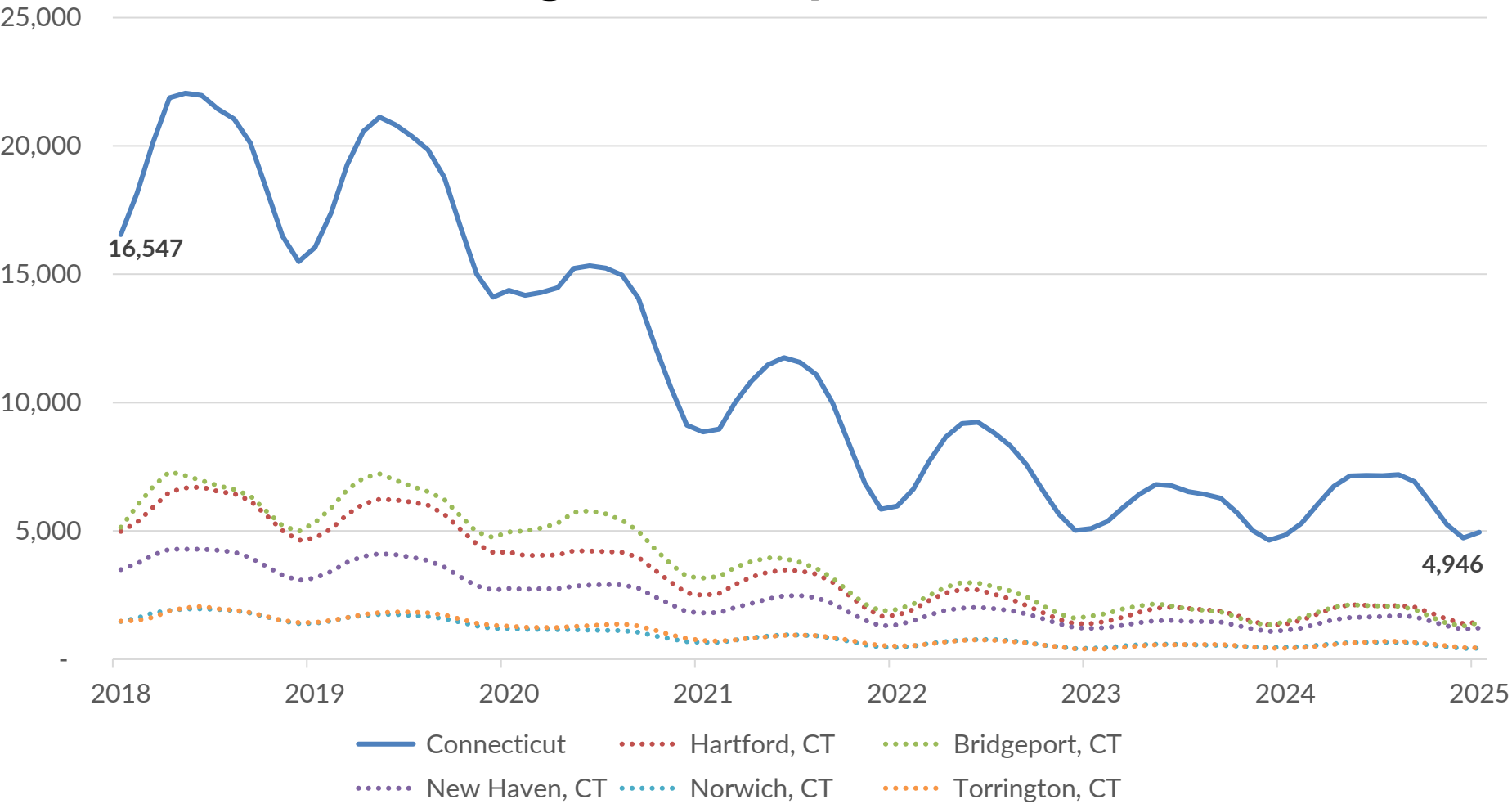


Jan. 2017: Median
Connecticut rent 12%
above U.S.

Mar. 2025: Median
Connecticut rent 22%
above U.S.

Source: Apartment List Rent
Estimate data

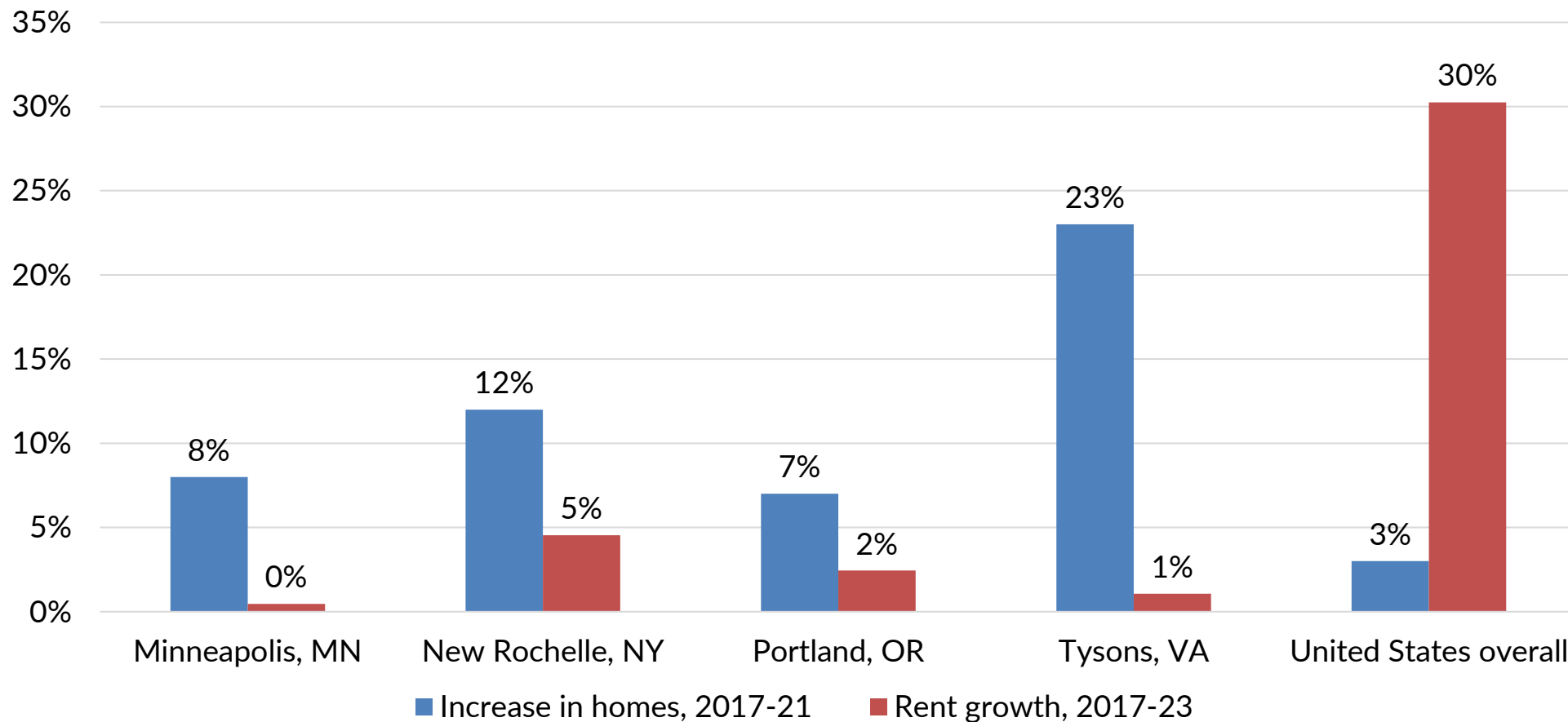
Connecticut's Housing Inventory Down 70% Since 2018



Connecticut median home cost up 64%:
Mar. 2018: \$252k
Mar. 2025: \$414k

Source: Zillow.com

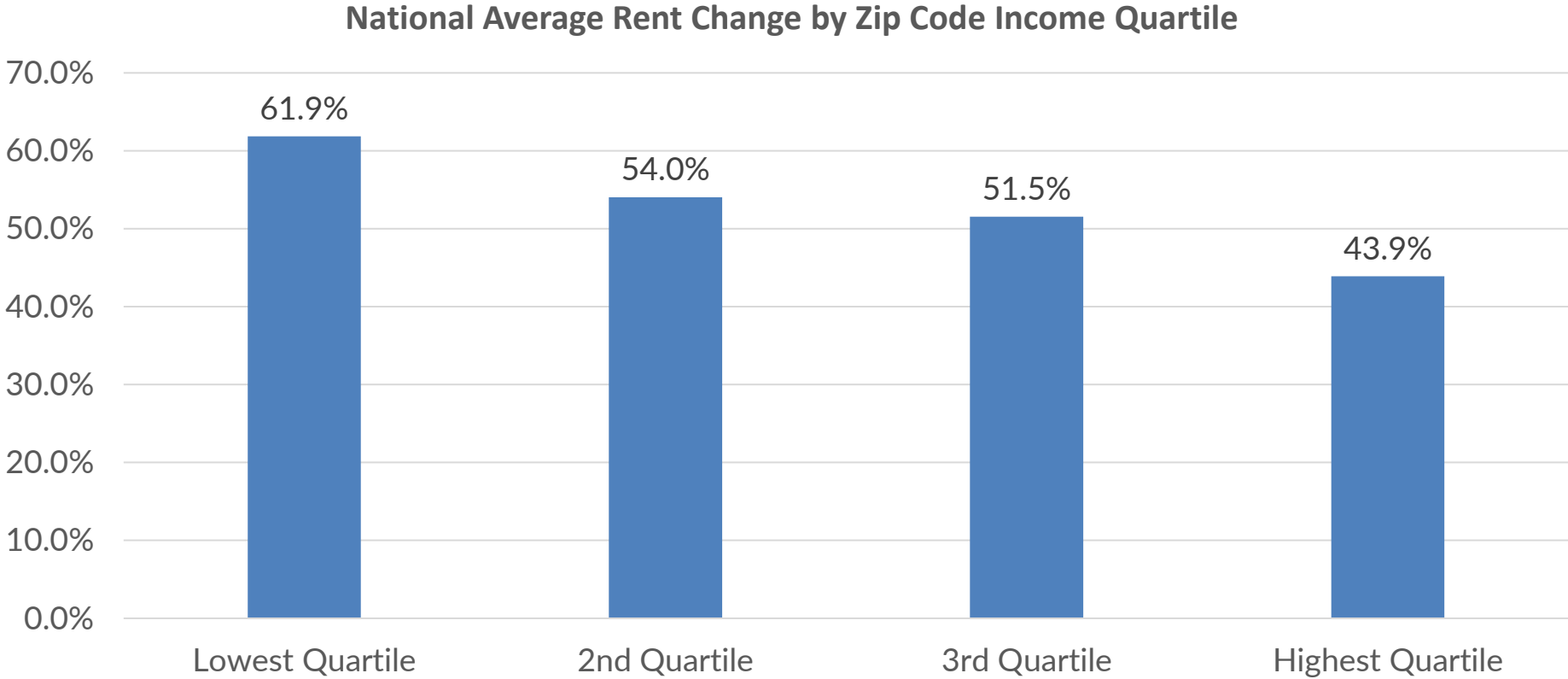
Rent Growth Is Low Where Housing Has Been Added



The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

Housing Shortage Hurts Low- and Moderate-Income Households Most



Source: Pew’s analysis of Zillow rent estimate data (Sep. 2017-Sep. 2024) and IRS Income by ZIP Code data (2017)

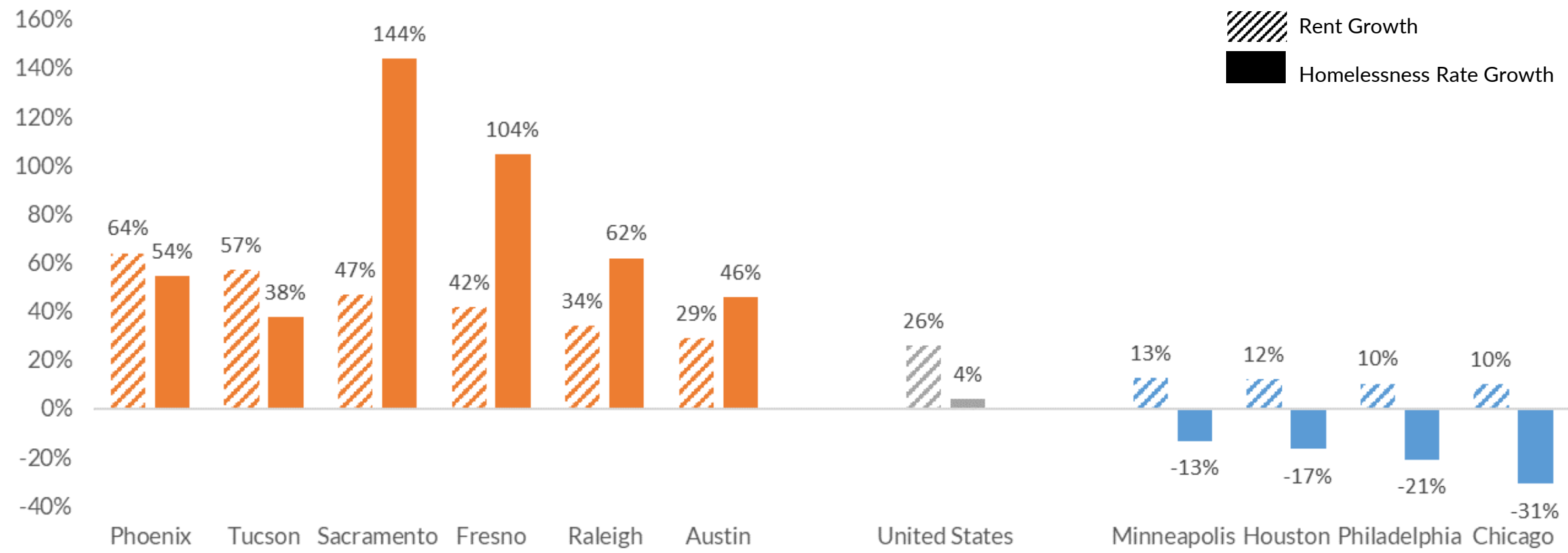
Supply Boost Has Driven Down Rents in Lower-Cost Apartments

Market	Effective Rent Change in 2023			
	Market Average	Class A	Class B	Class C
Austin	-6.0%	-4.4%	-5.7%	-7.9%
Dallas	-1.4%	-0.4%	-1.9%	-1.5%
Orlando	-4.0%	-2.9%	-5.1%	-3.1%
Phoenix	-4.3%	-1.9%	-3.9%	-7.2%
Salt Lake City	-3.4%	-1.9%	-3.9%	-3.6%
San Antonio	-2.9%	-1.7%	-3.6%	-2.8%

Source: RealPage rent data

Homelessness Increased in Areas Where Rents Soared

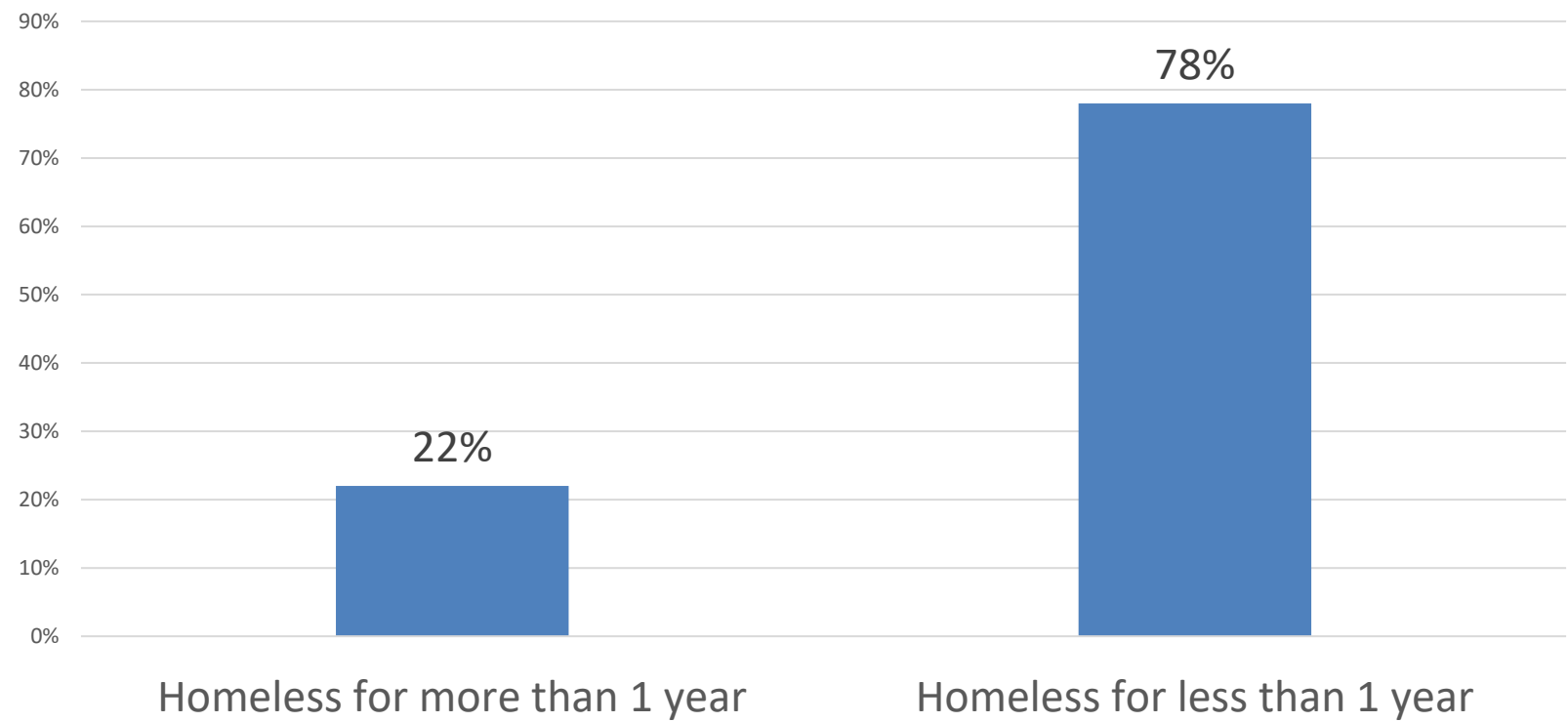
Percent change in homelessness per 10,000 residents, 2017-2022



Sources: HUD, Census ACS, Apartment List

Homelessness Driven by Inflows & Outflows, Not a Static Group

Data from 2024 point-in-time count for U.S.

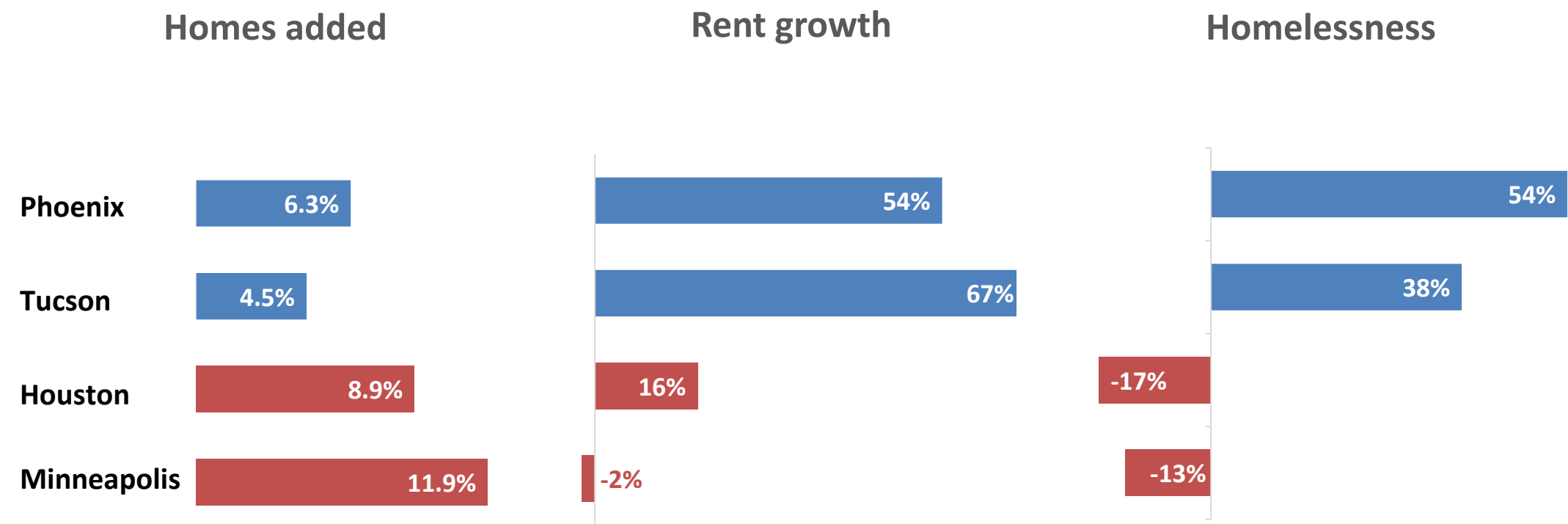


771,480 people identified in 2024 homelessness count in United States (all-time high)

Source: HUD PIT count

Housing Shortages Have Pushed Up Rents, Homelessness

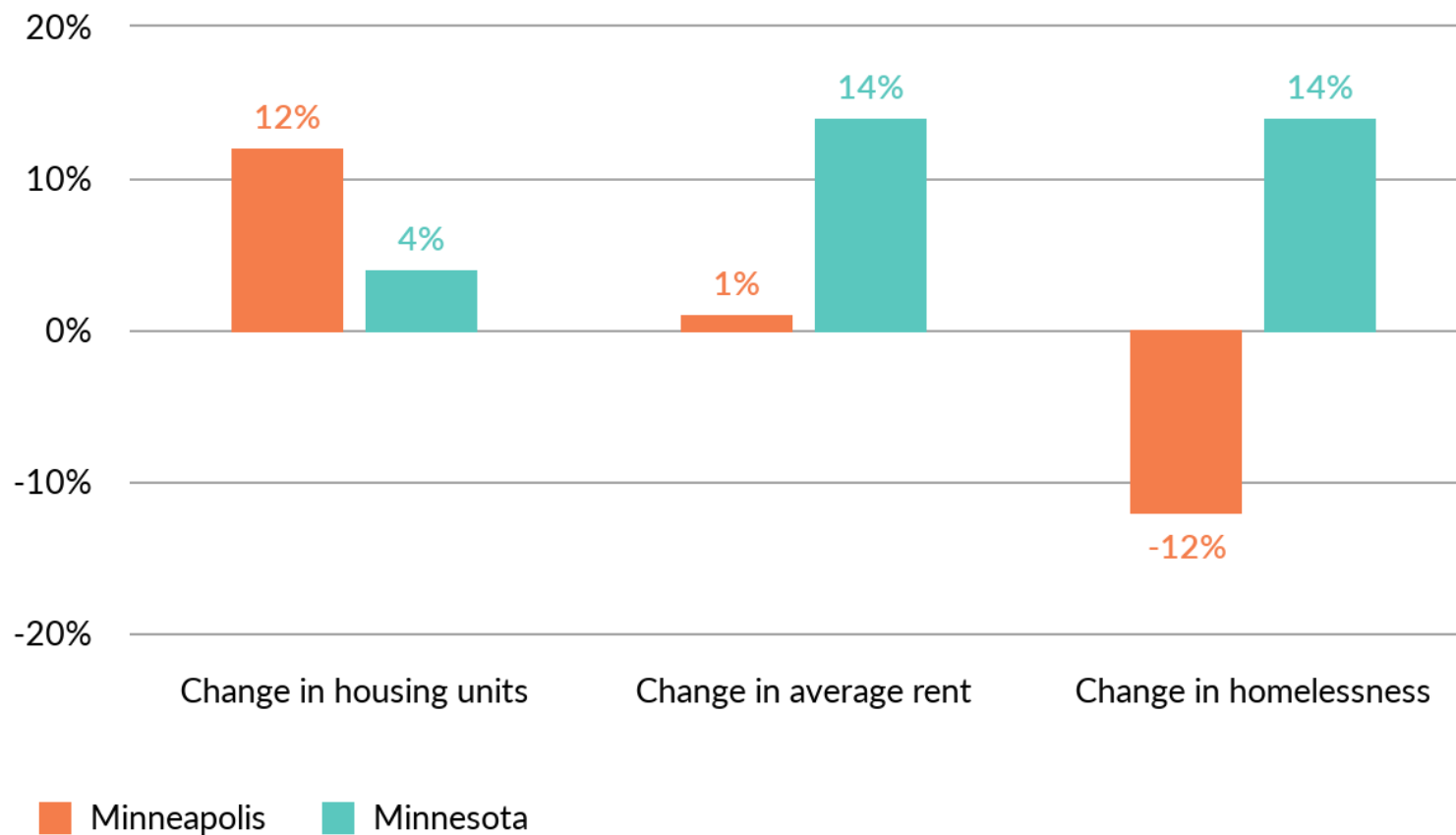
Percent change, 2017-2022 (2017-2023 for rents)



Sources: ACS Census Bureau for housing supply; Apartment List Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed city for homelessness

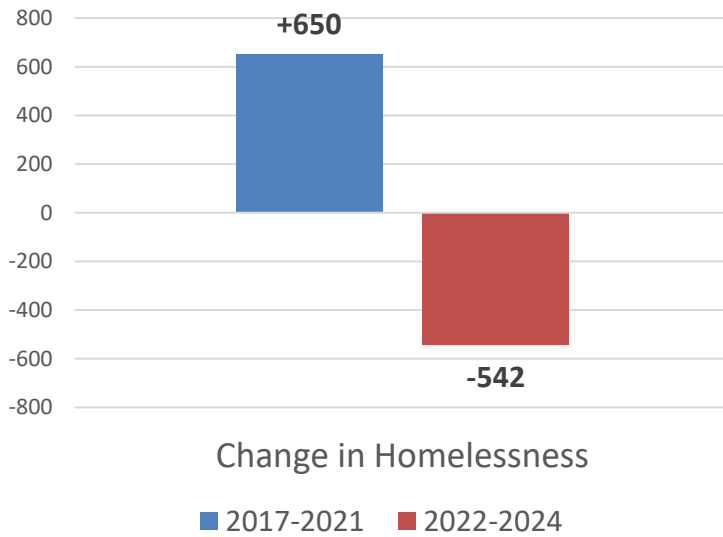
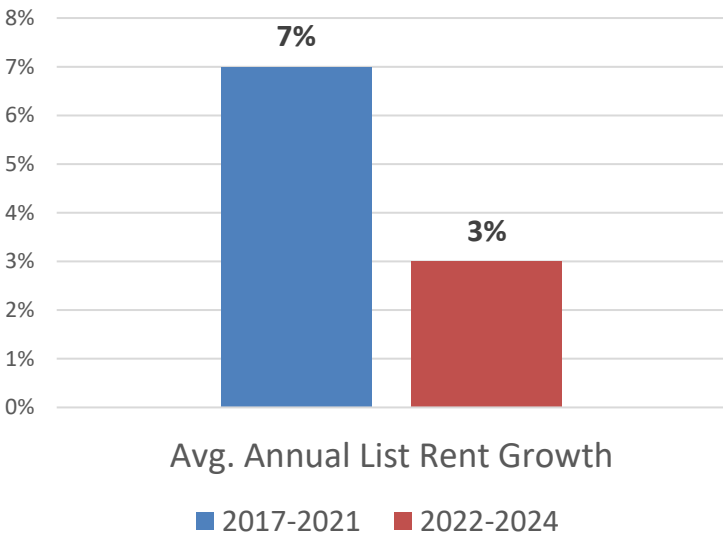
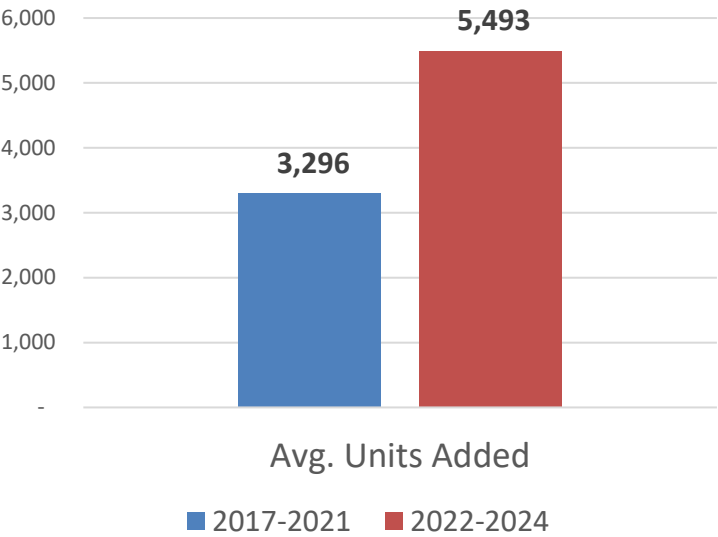
After Zoning Reform, Minneapolis Rent Growth Slowed, Homelessness Dropped

Percent change, 2017-2022



Sources: ACS Census Bureau for housing supply; Apartment List Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed jurisdiction for homelessness

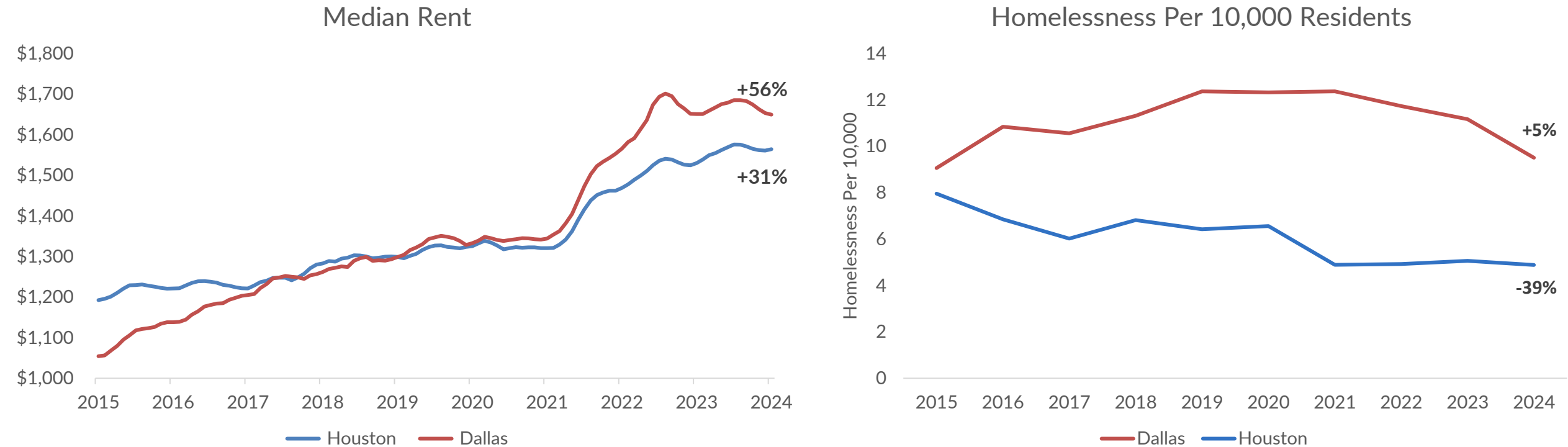
Raleigh's 2021 & 2022 Land-Use Reforms Enabled More Apartments, Townhouses



Sources: Zillow Observed Rent Index (ZORI), U.S. Census Bureau, HUD Building Permits Database

Why Homelessness Rose in Dallas While it Dropped in Houston

Percent change in median rent (2015-2024) and homelessness per 10,000 residents (2015-2024)



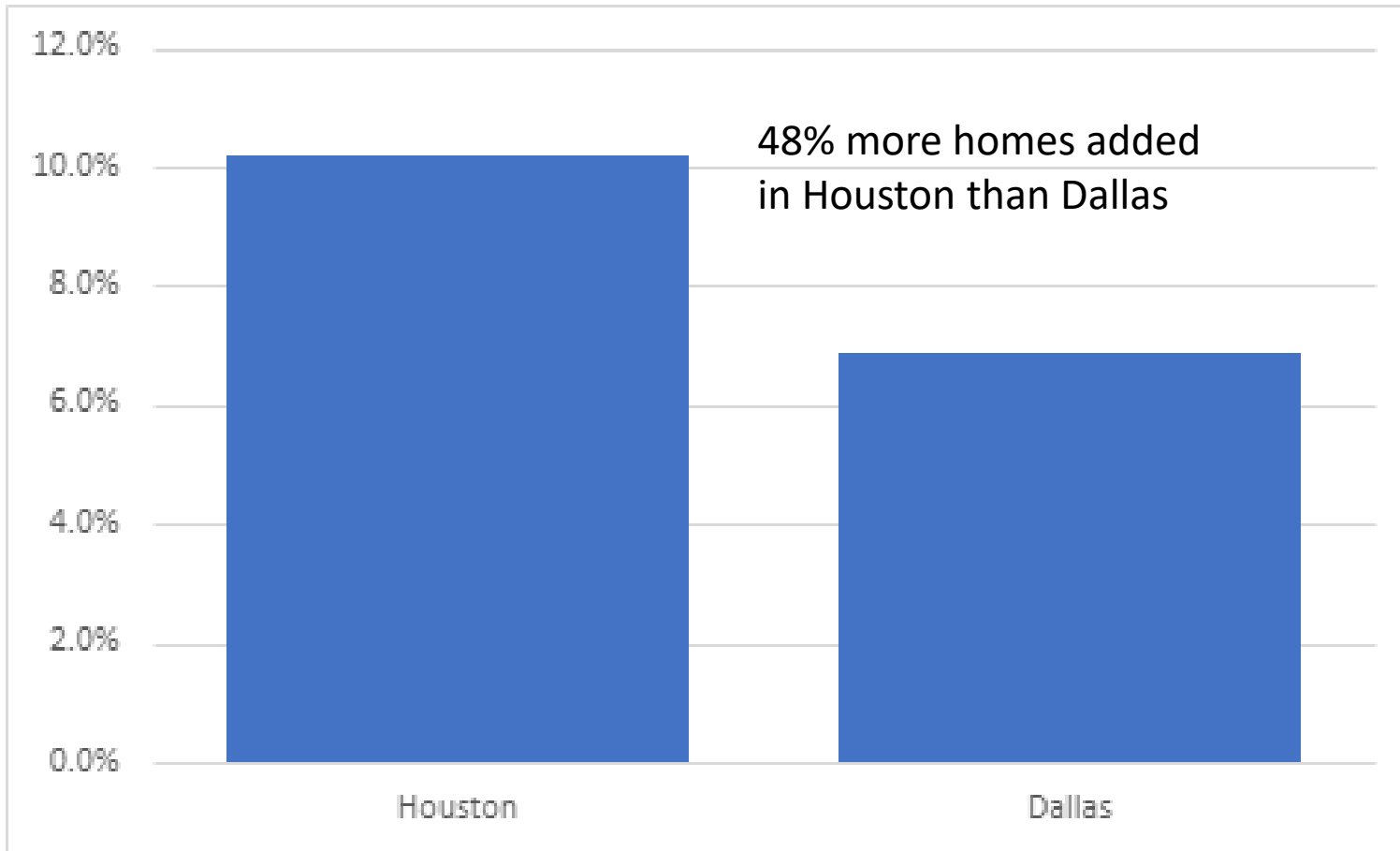
Dallas' rents increased by over \$2,600/year more than Houston's.

Houston lowered its minimum lot size, relaxed other restrictions, and built 48% more housing than Dallas from 2015-2023.

Sources: Zillow Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed jurisdiction for homelessness

Houston's Land-Use Rules Led to More Homes, Less Homelessness

Percent change in housing supply, 2015-2022

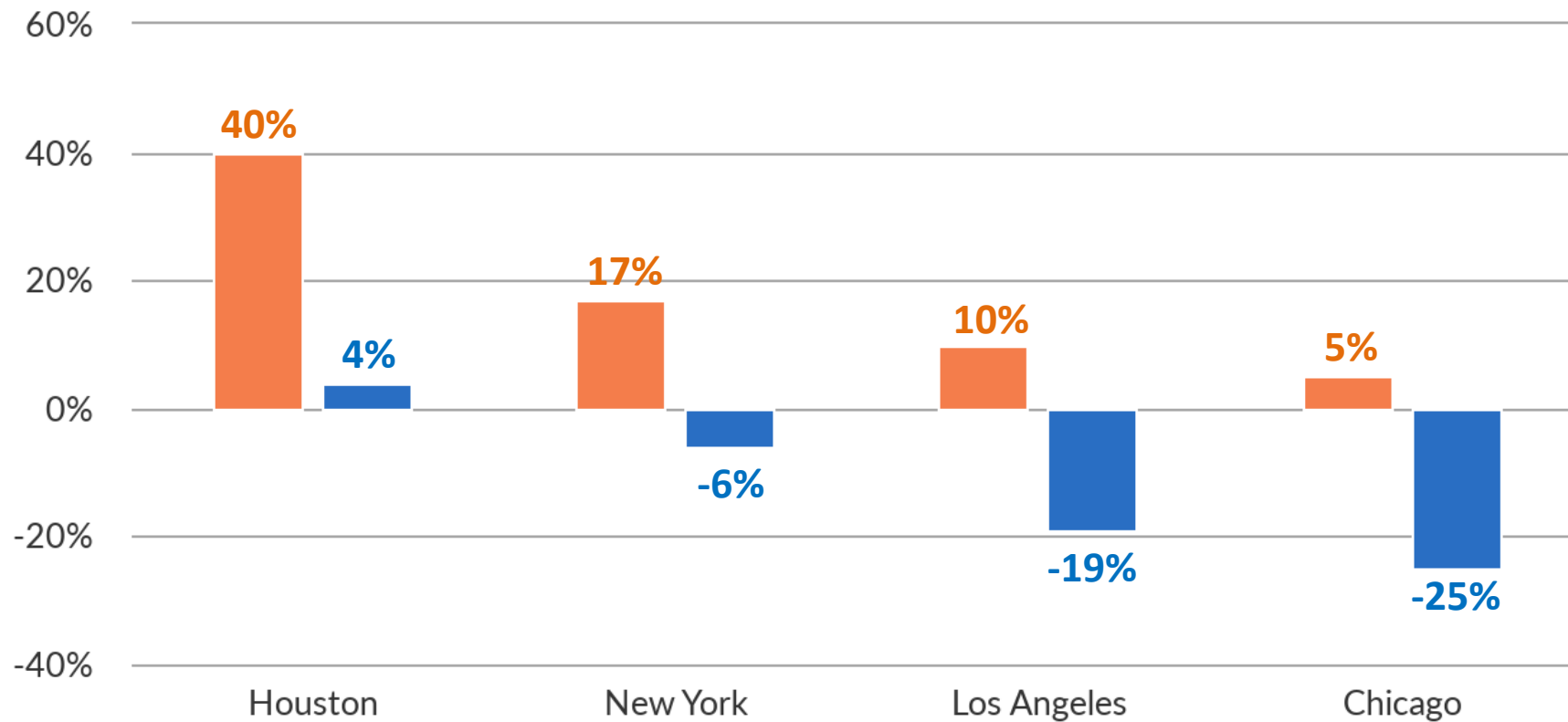


Sources: U.S. Census American Communities Survey

Houston enacted a series of reforms to allow more homes, including reducing minimum lot size citywide from 5,000 sq. ft. to 1,400 sq. ft in 2013. Small-lot homes in Houston cost nearly 40% less than typical, large-lot homes.

Houston Staved Off Displacement Seen in Other Large Cities

Percentage change in Black and Hispanic populations by city, 2000-21



Houston added 33% to its housing stock since 2000.

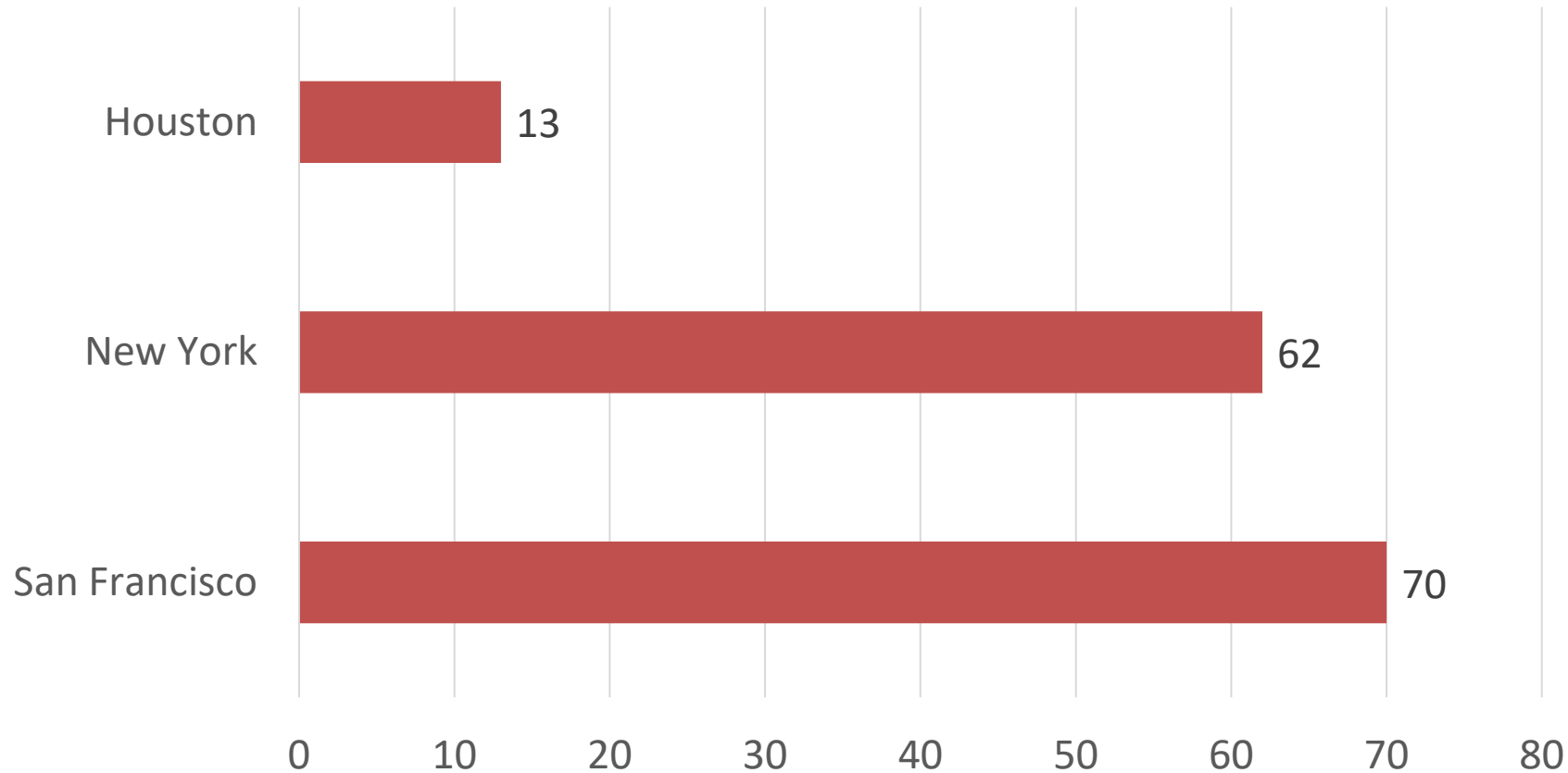
New York City, Los Angeles, and Chicago added an average of 14%.

Hispanic Black

Source: ACS Census Bureau data

Even Prior to Coordination Success, Houston's Lower Rents Meant Less Homelessness

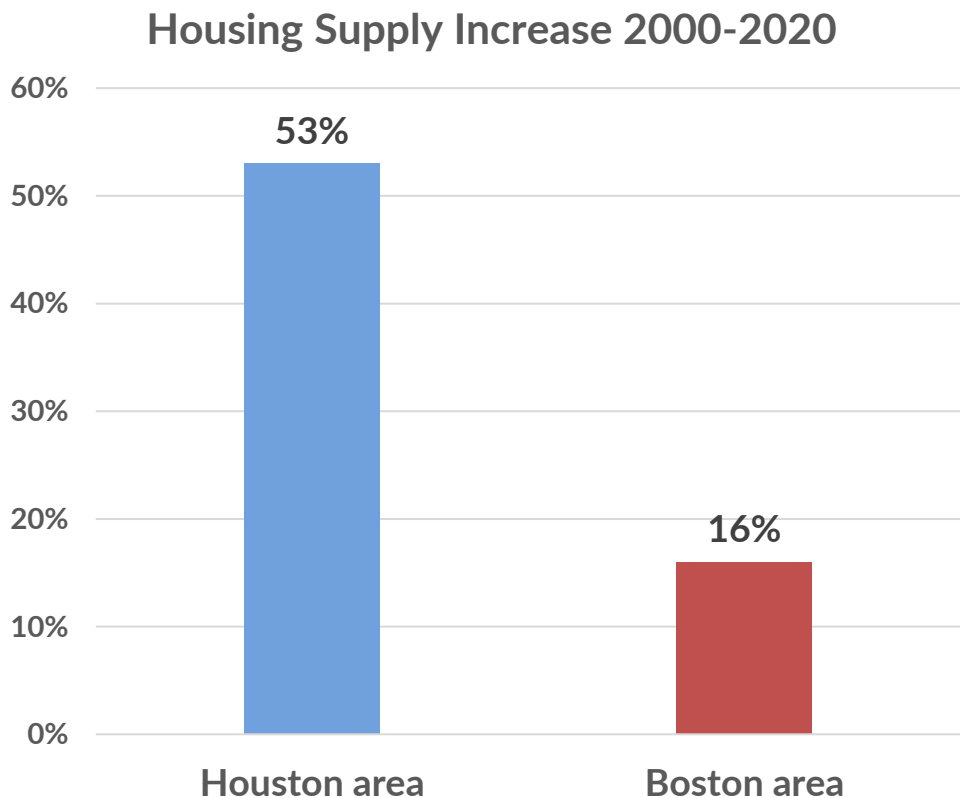
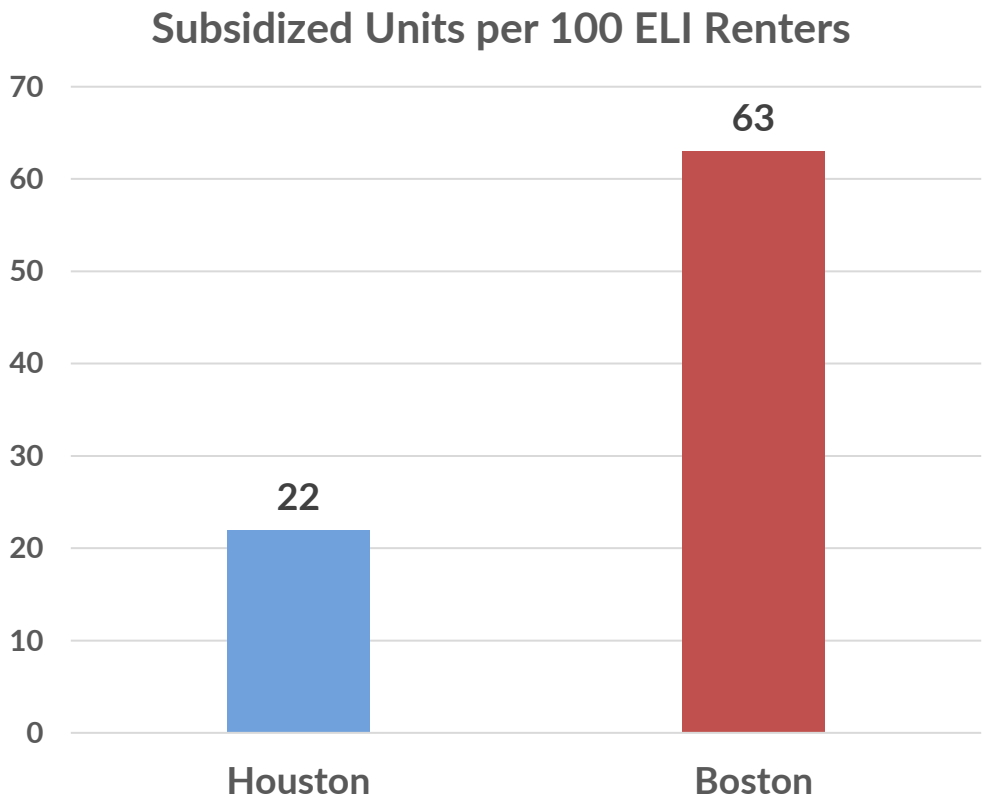
Homelessness rate per 10,000 in Houston, New York City, and San Francisco, 2011



Sources: HUD Point-in-Time count data for the CoC covering the listed jurisdiction for homelessness

Boston and Houston Have Each Taken Some Positive Steps on Housing

Boston has subsidized more housing; Houston has added more homes

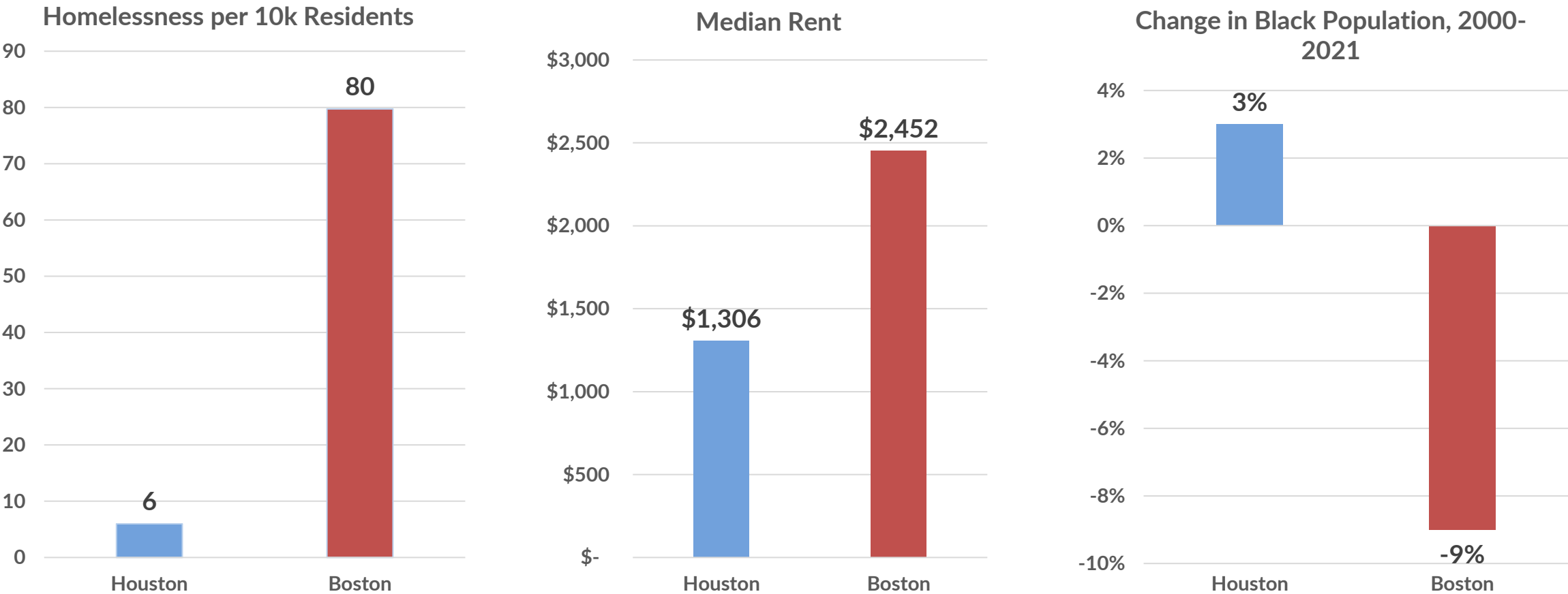


Housing stock, 2000-2023:
City of Houston added 35%; city of Boston added 25%

Note: Median income in Boston is approximately 50% higher than Houston, so ELI renters in Boston have much higher incomes than in Houston

Source: HUD PIT count, ACS 2023 and Federal Reserve Population Data

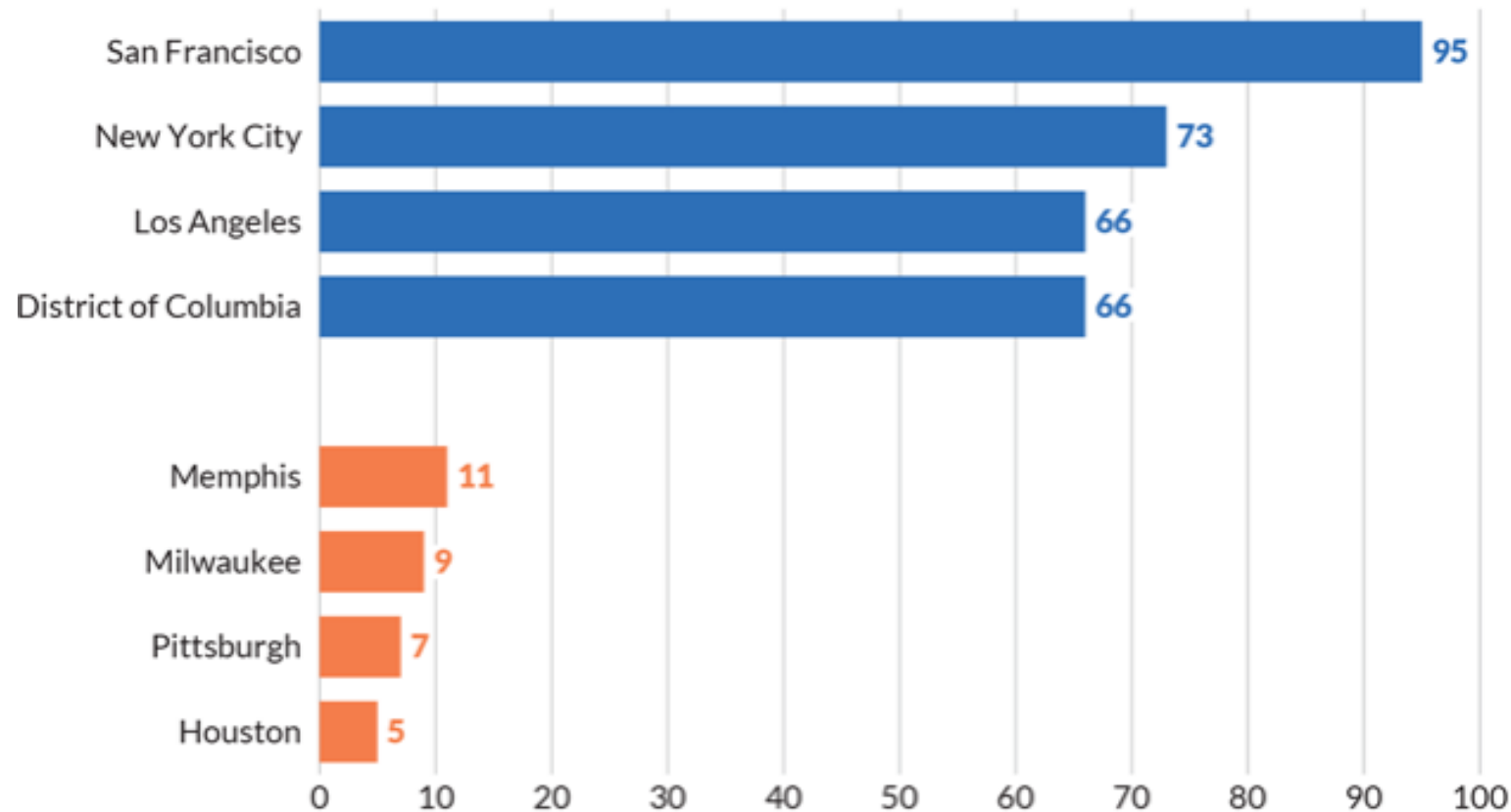
Houston Has Fared Better Than Boston on Housing Outcome Measures



Source: HUD PIT count, Apartment List rent data, ACS 2023, 2000 Census

Homelessness is High Where Rents Are High

Rate of homelessness per 10,000 in January 2022

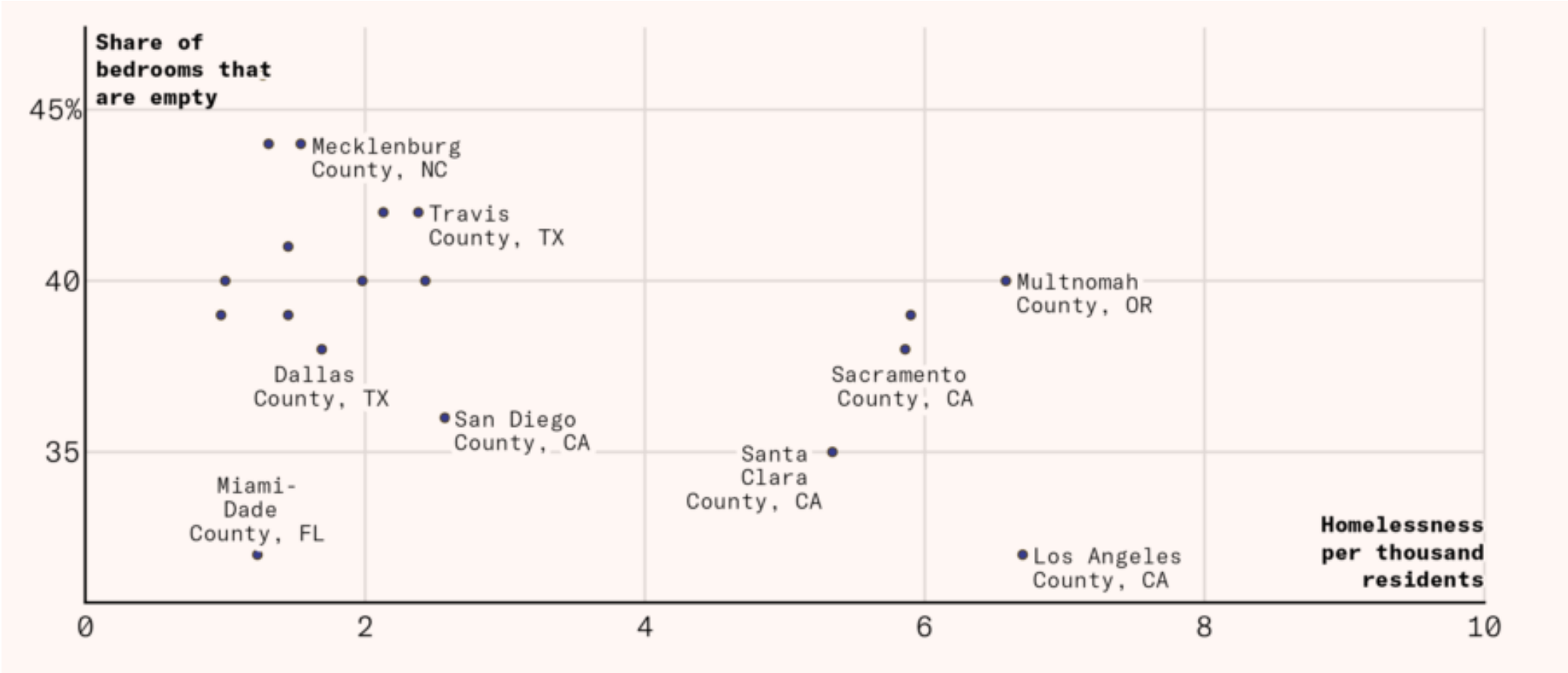


Avg. Rent (Mar. 2024):
\$2,284

Avg. Rent (Mar. 2024):
\$1,203

Sources: Homelessness data comes from the Department of Housing and Urban Development's 2022 Point-in-Time estimates. Population data comes from the 2021 American Community Survey (ACS) one-year population estimates from the U.S. Census Bureau. Rent levels come from Apartment List's [Rent Estimates](#) data in January 2022, downloaded on June 15, 2023. City names refer to the Continuum of Care (CoC) covering the city, which sometimes spans the county encompassing the city. When a CoC was comprised of multiple counties, rent data for the largest county in the CoC was used.

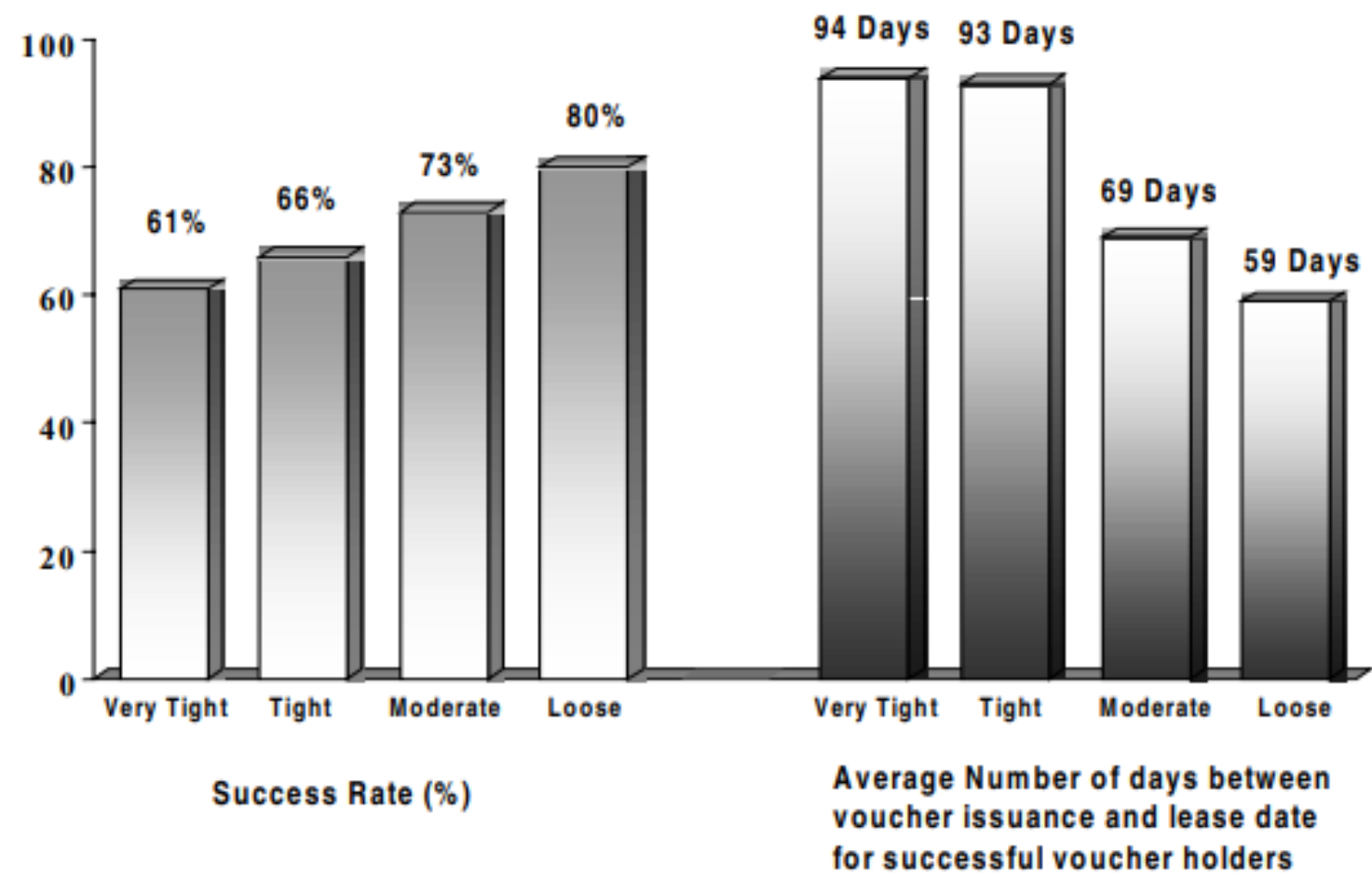
Housing Scarcity May Drive Homelessness Through Family & Friends' Lack of Spare Rooms



Source: Salim Furth, Works In Progress

Overall Housing Supply Drives Outcomes of Section 8 Voucher Holders

Success Rates and Time to Lease by Market Tightness



Source: Study by Abt Associates for HUD, 2001



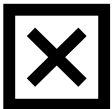

Addressing Housing First Skepticism

- Common argument: Many places using the Housing First model have high homelessness rates
- Common argument: Housing First has been shown to be effective at the individual level, but not at the community level



Thought Exercise

Level of Homelessness

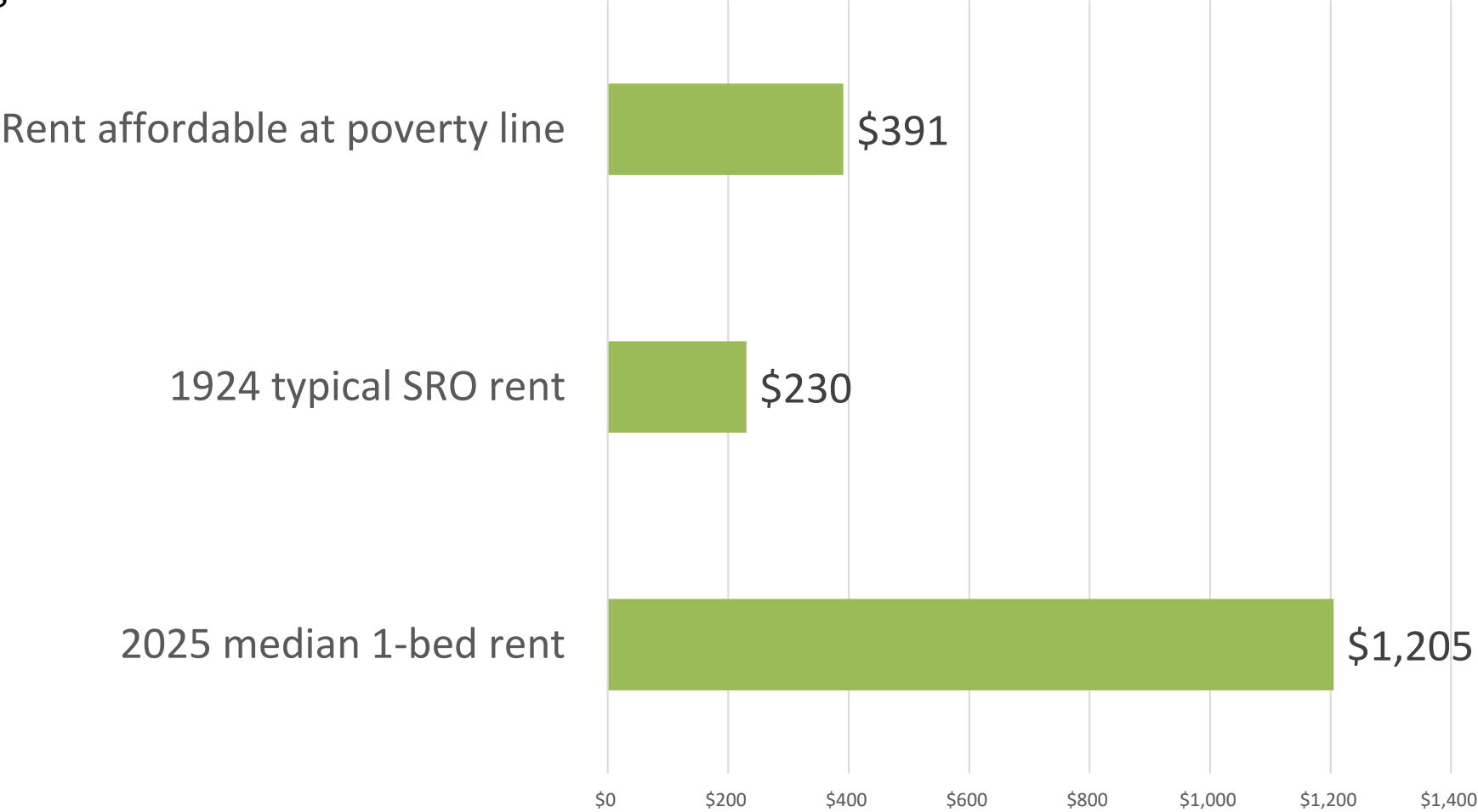
		High Housing Supply	Low Housing Supply
Housing First		Moderate	High
		Low	High



State and Local Policies Decimated Single-Room Occupancies (SROs) & Launched Widespread Homelessness

20th-century SROs had rents affordable to those below poverty line

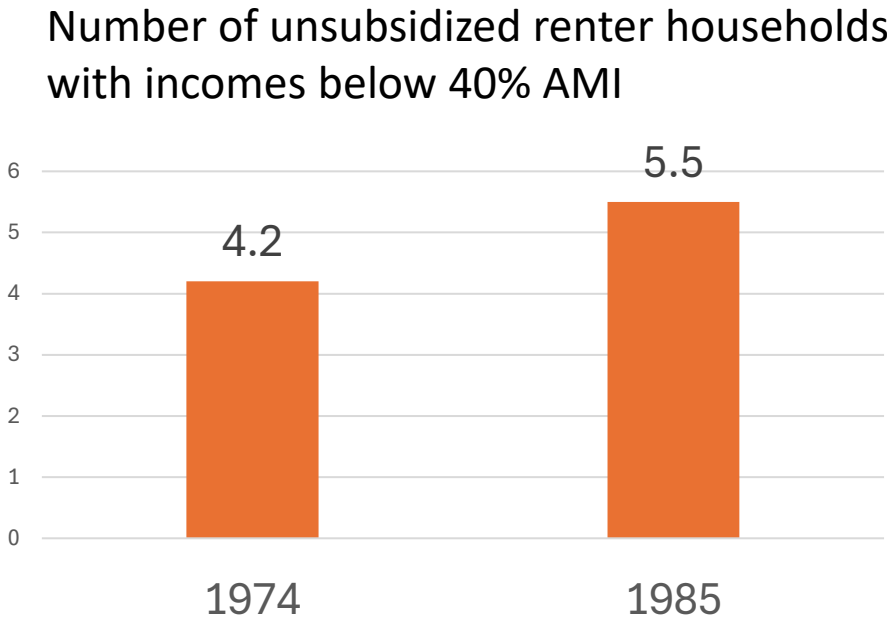
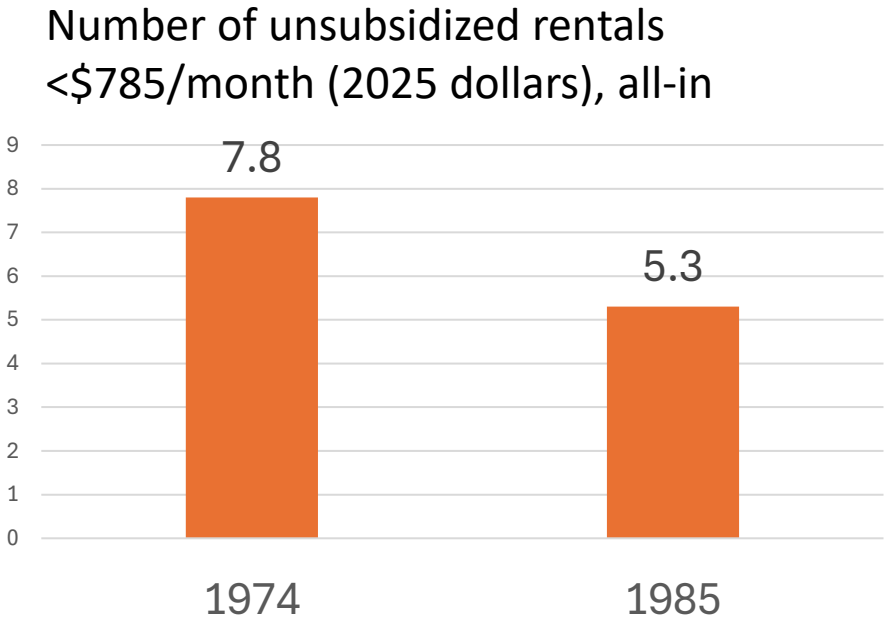
All figures in 2025 dollars



Sources: SRO rent from Paul Groth, “Living Downtown;” 2025 rent from Apt. List

Number of Low-Cost Homes Fell By A Third as Need Rose, Coinciding with Birth of Widespread Homelessness

All numbers in millions



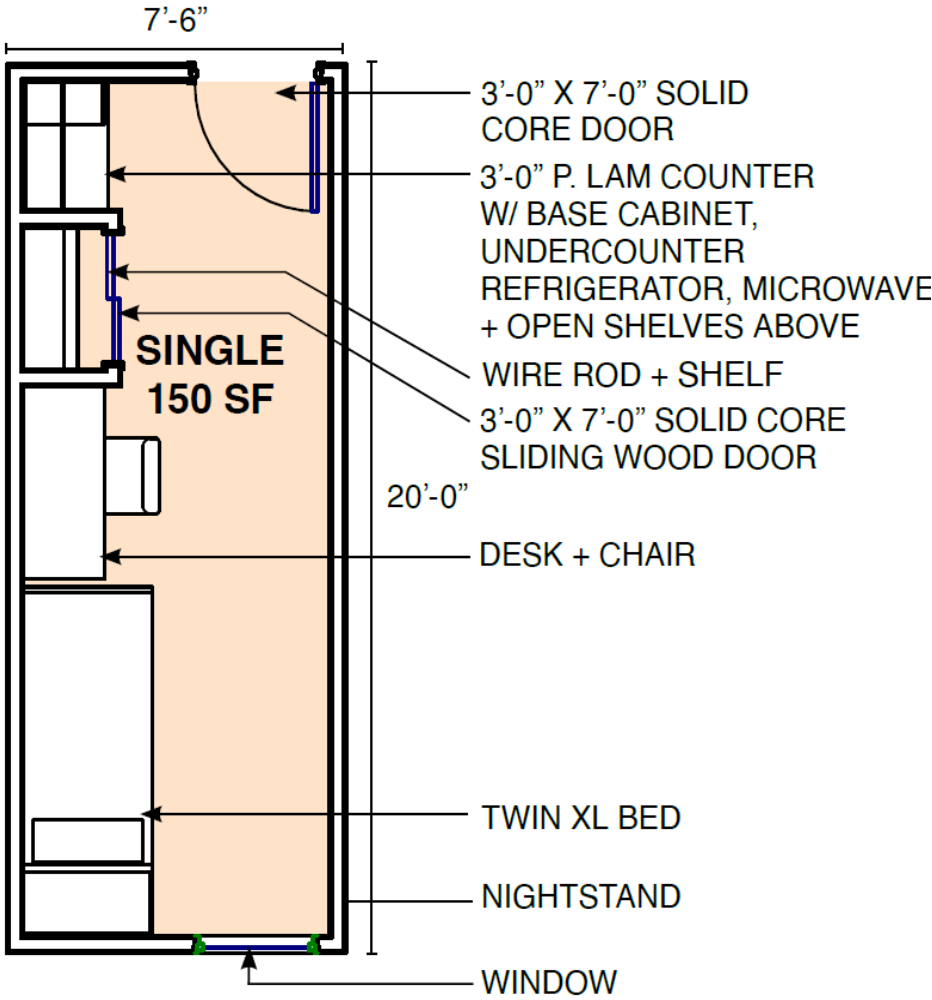
Source: Berlin & McAllister, Brookings Institution

Reviving Low-Cost Housing: Safe, Modern Office to Co-Living

- 40% of U.S. renter households have 1 person
- 86% of homeless households have 1 person (comprising 66% of people)
- Cost per unit 2x-4x lower than either new build or office to conventional apartment.
- Centralizing plumbing reduces costs by avoiding the expensive construction of kitchens and bathrooms in each unit.
- Construction costs are 25-35% lower per square foot than office to conventional apartments.

Co-living Unit vs Traditional Studio Layout

Co-living Unit Model



Traditional Studio Layout

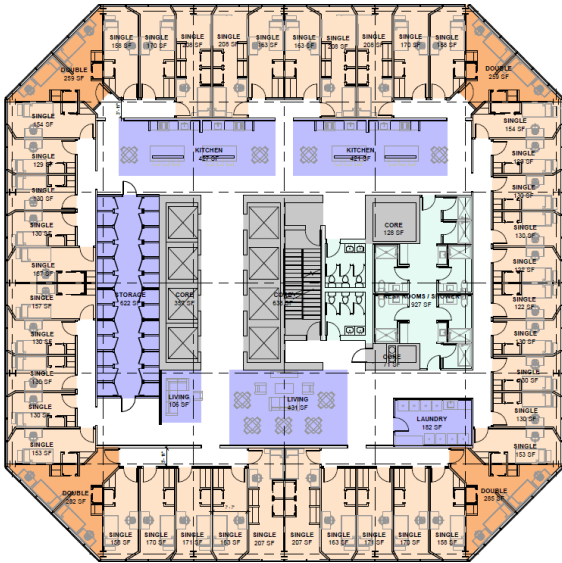


Rendering of a Micro-Unit

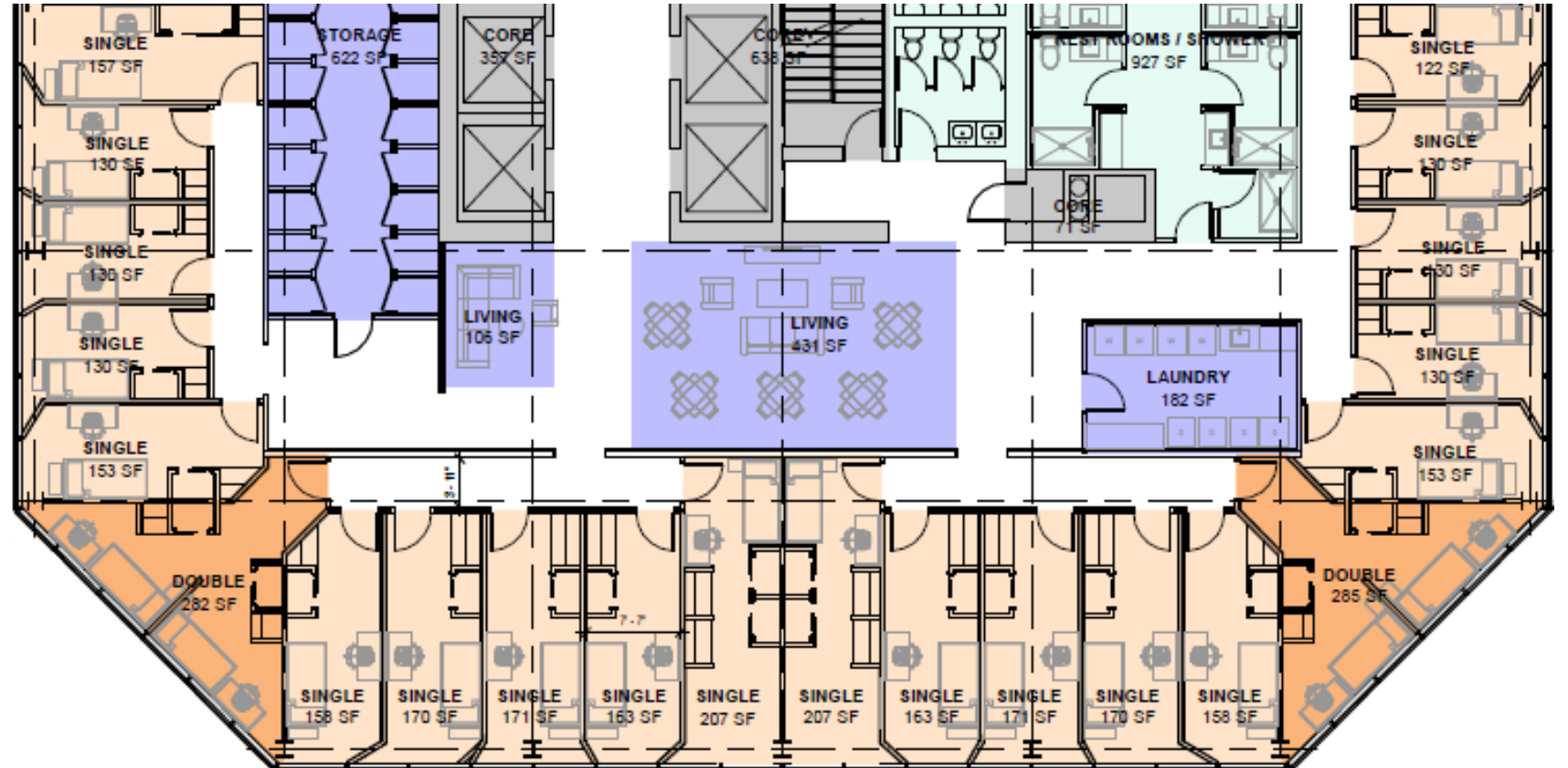


Source: Gensler

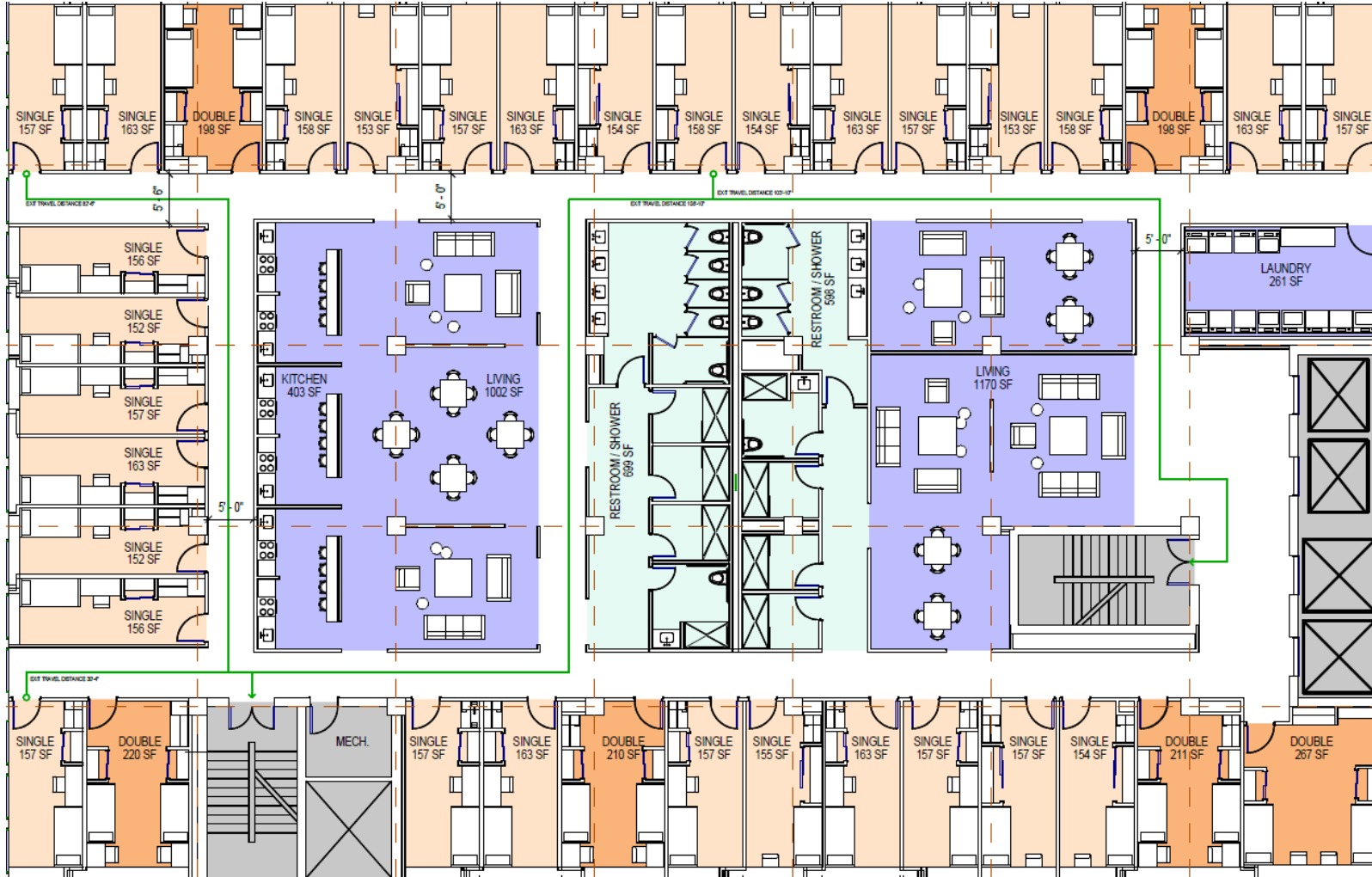
Denver Building Floor Plan



- 28 residential floors
- 44 units (inc. 4 doubles)
- Total of 1,232 units (1,344 residents)

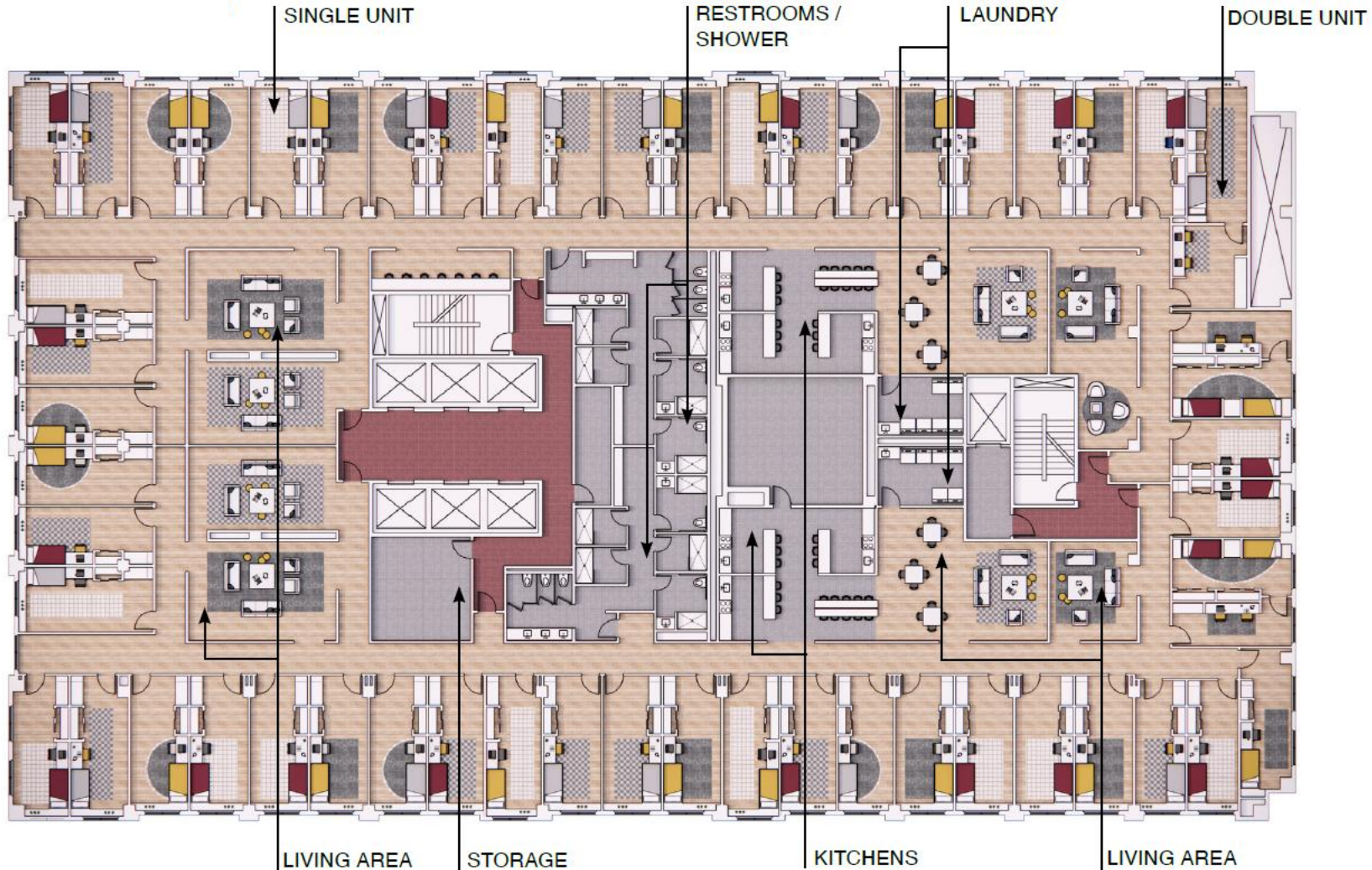


Chicago Building Floor Plan



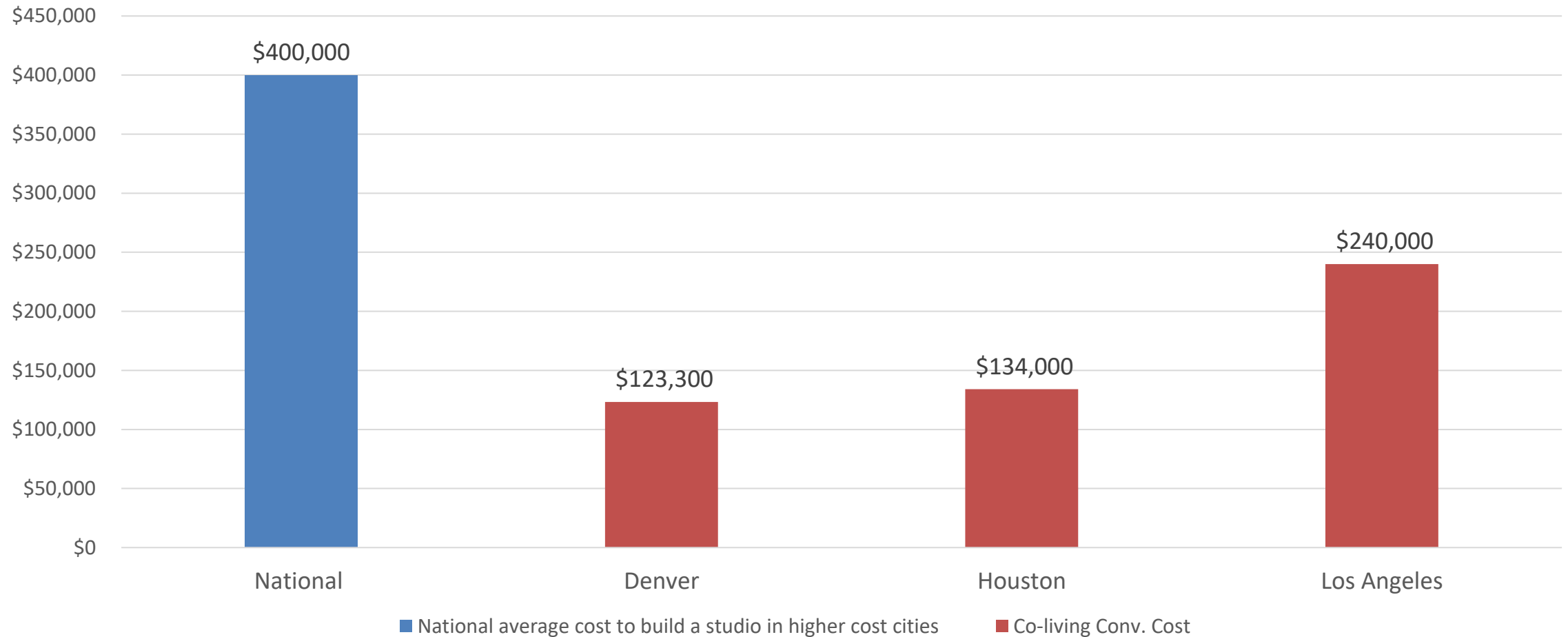
- 10 residential floors
- 42 beds per floor
- Total of 360 units (420 residents)

Washington, D.C. Building Floor Plan



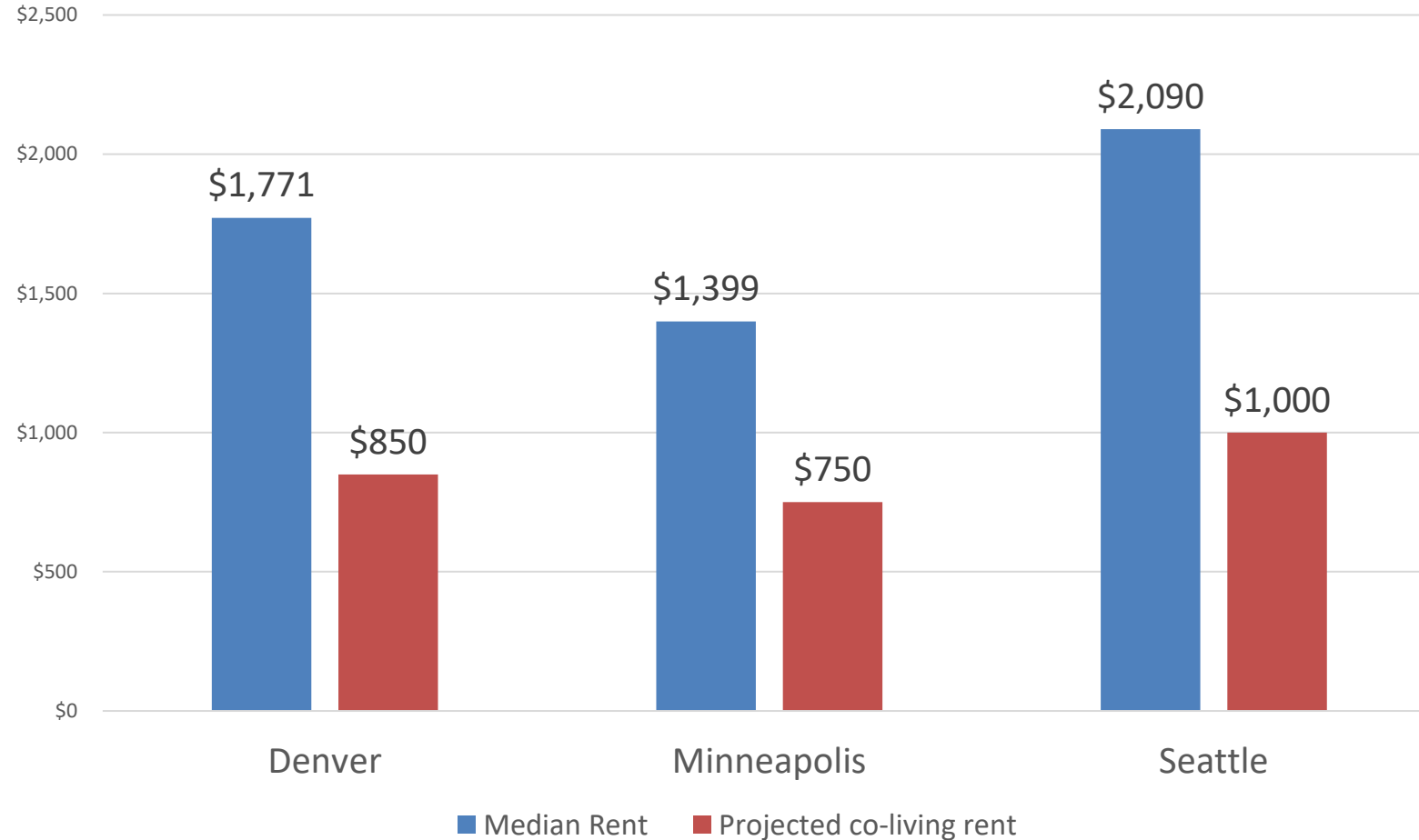
- 10 residential floors
- 56 beds per floor
- Total of 530 units (560 residents)

Co-living conversions cost far less than new-build studios



Source: Studio costs from Gensler and Turner Construction; co-living development costs estimated by Gensler and The Pew Charitable Trusts, 2024

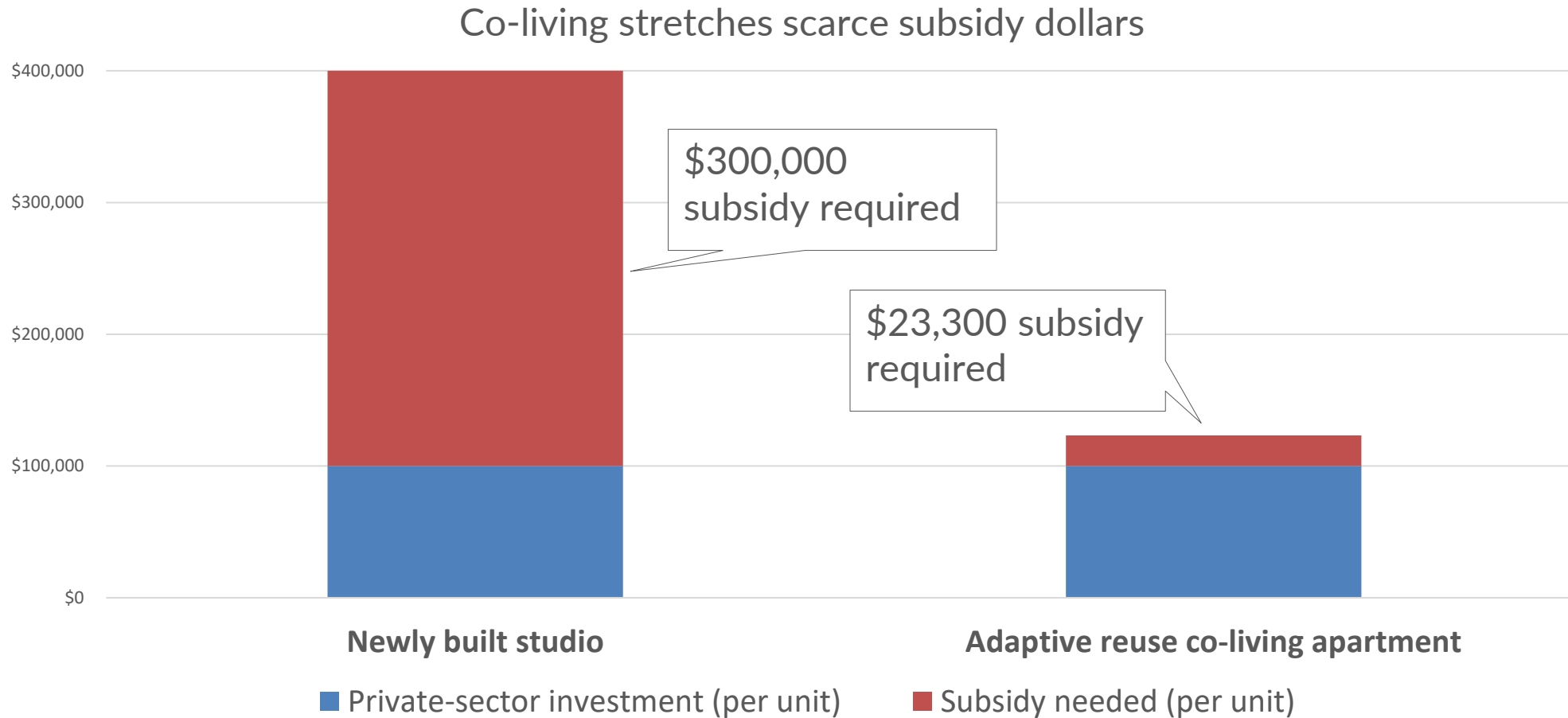
Office to Co-Living Conversions Can Produce Low-Cost Housing, but Often Blocked by Decades-Old Local Regulations



Source: median rents from Apt. List; projected rents estimated by Gensler and The Pew Charitable Trusts, 2024

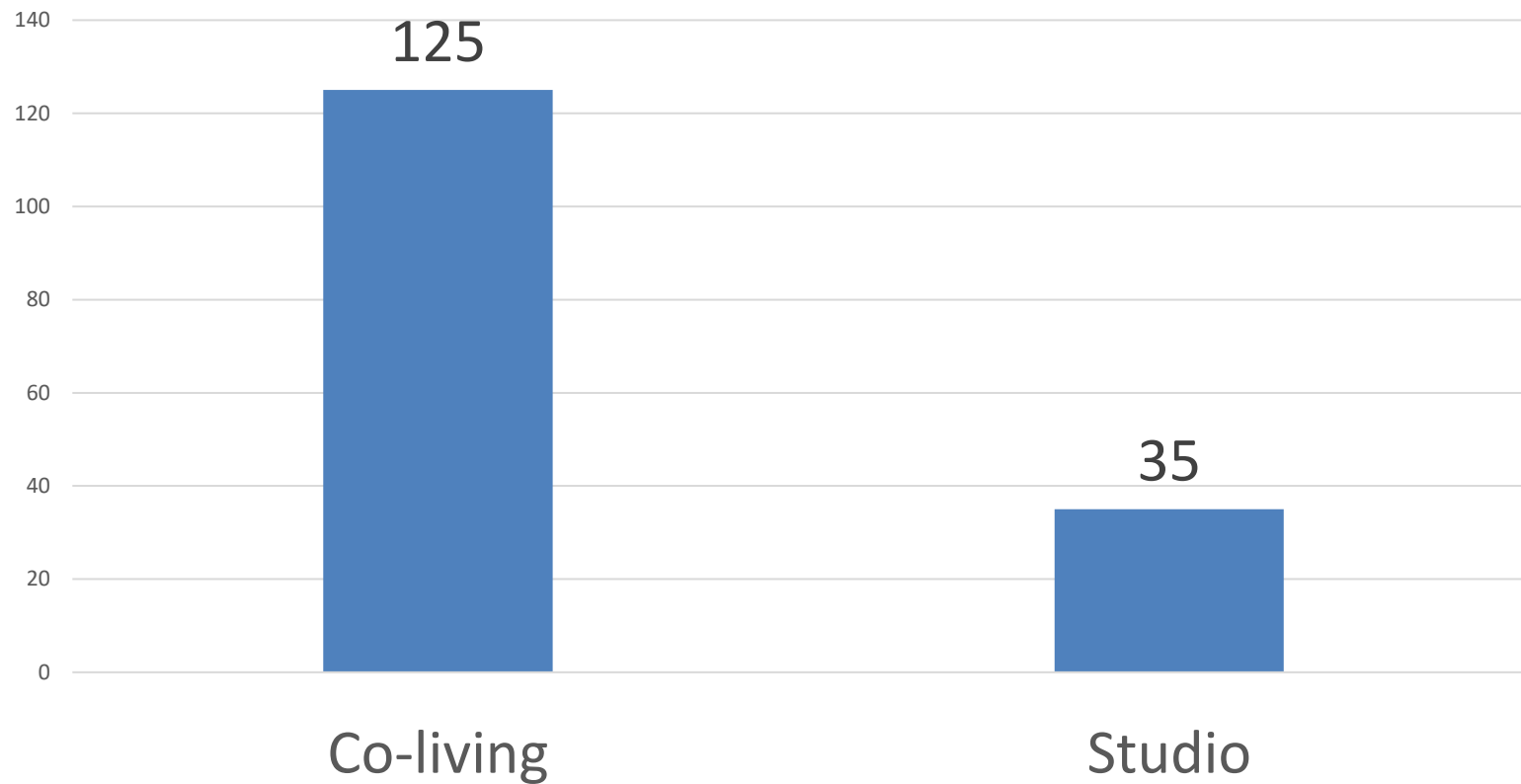
Co-Living Conversions Are Far More Cost Effective

Denver subsidy and private costs by unit type, affordable at 35% of area median income



Source: estimates from Gensler and The Pew Charitable Trusts, 2024

Office to Co-Living Conversions Can Produce More Homes with Same Spending *50% AMI homes that would be created with \$10 million in subsidies, Chicago*



Source: Gensler and The Pew Charitable Trusts, 2025

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Pew

Thank You!

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