

Converting Commercial Space to Residential Use

Key Considerations and Best Practices

Prepared by:

ULI Chicago Public Policy Committee

January 2023

Why

Why

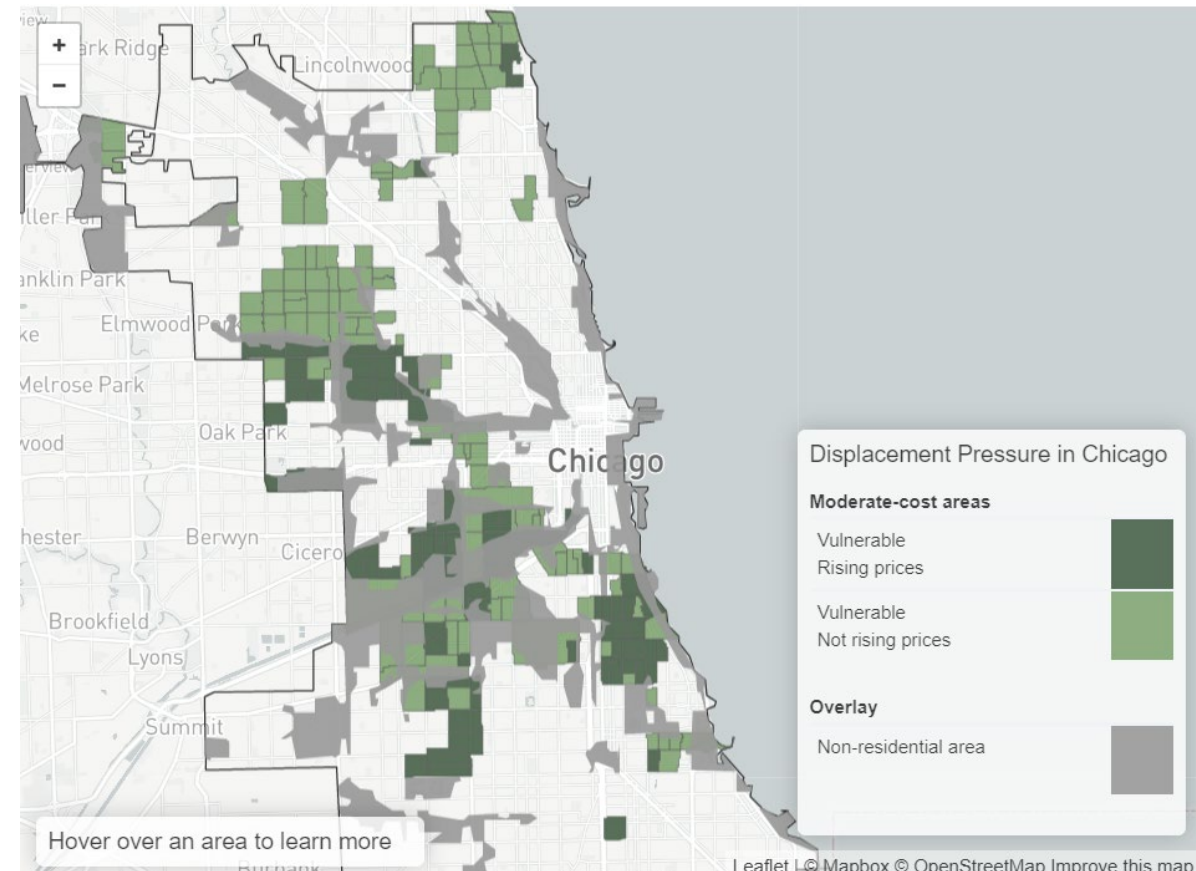
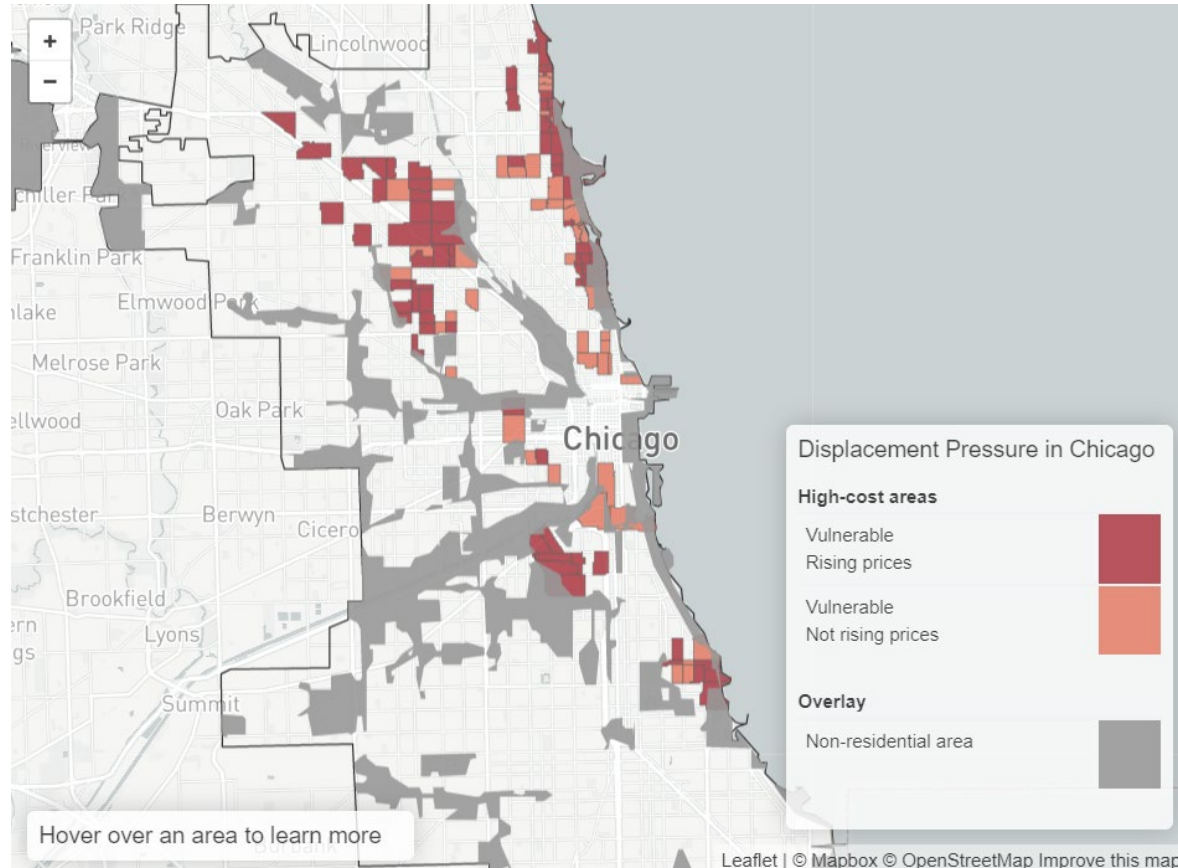
1. Significant Need for Affordable Housing
2. Over-built Commercial Space
3. Acceleration of Work from Home
4. Sustainability
5. Community Vitality

Why

1. Significant Need for Affordable Housing

Lower income Chicagoans are at-risk of getting priced-out of their homes in higher cost (bottom left) and moderate cost (bottom right) neighborhoods throughout the City.

Source: Institute for Housing Studies, DePaul University <https://displacement-risk.housingstudies.org/>



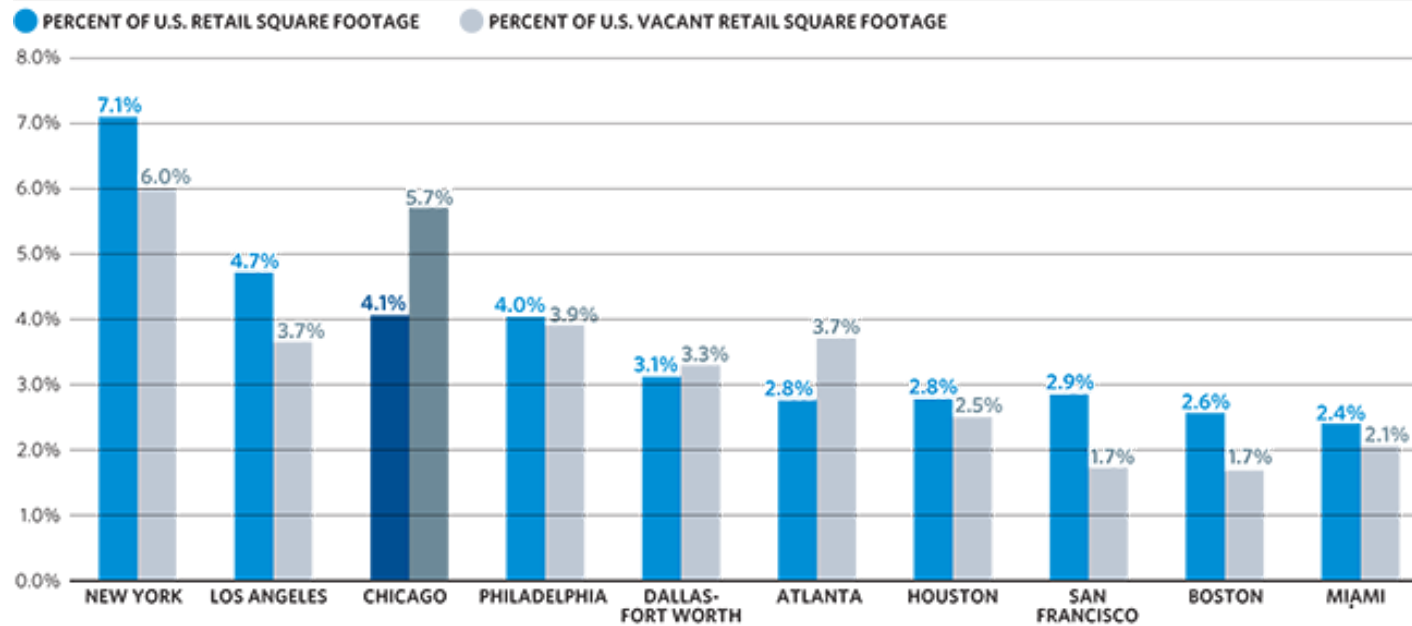
Why

2. Over-built Commercial Space

The Chicago metropolitan region has a higher proportion of vacant retail space: it has 4.1% of the total retail space in the country but 5.7% of the total vacant retail space.

Source: CMAP Policy Brief, https://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/retail-vacancy-and-sales-tax-revenue-in-the-cmap-region

Proportion of U.S. total retail rentable building area and U.S. vacant retail rentable building area in Chicago and peer regions, 2015



Note: The regions above are made up of adjacent CoStar retail market areas, which were combined to approximate typical U.S. Census Metropolitan Statistical Areas (MSAs). The aggregated areas may be somewhat smaller or larger than the equivalent Census MSA regions. For example, the Chicago CoStar region includes Rockford, IL, Kenosha, WI, and northwestern Indiana.

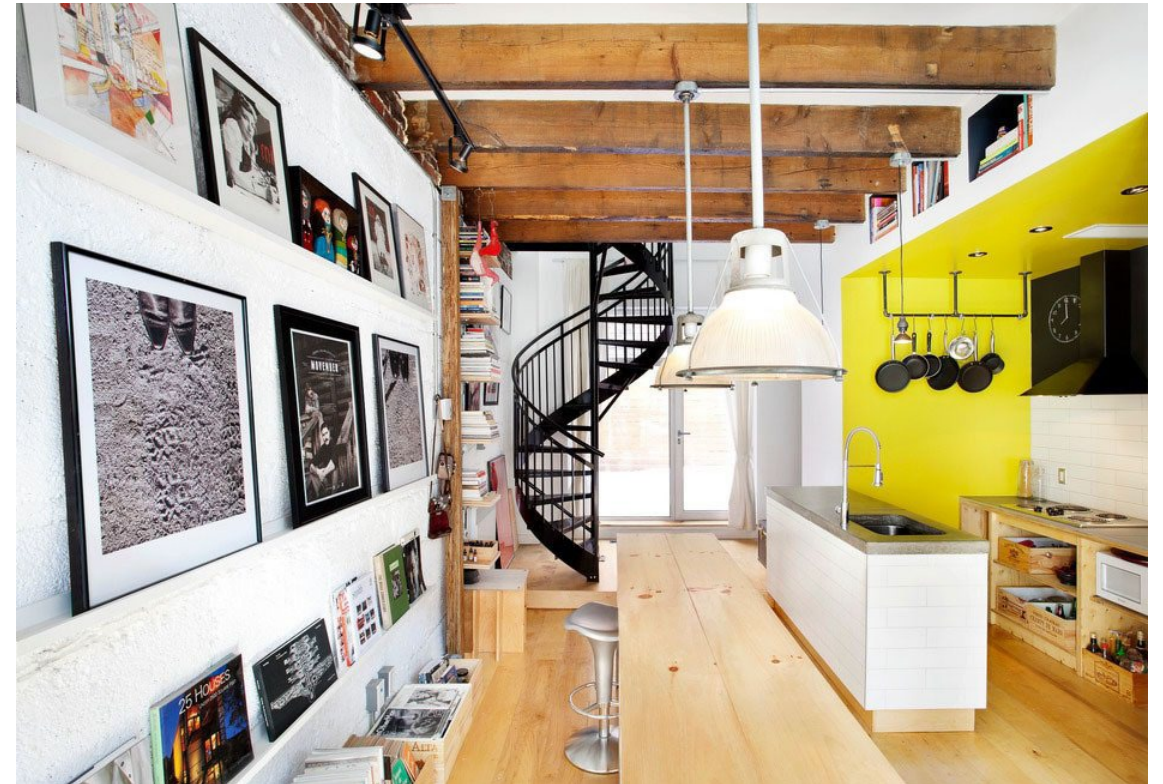
Source: Chicago Metropolitan Agency for Planning analysis of CoStar data, second quarter 2015.



Why

3. Acceleration of Work from Home

- Greater demand for flex spaces within homes
- Increased popularity of live-work spaces



Why

4. Sustainability

- Reuse existing infrastructure
- Reduce landfill waste



Why

5. Community Vitality

Two vacant historic buildings in downtown Aurora (left) were transformed into the Aurora Arts Center (right) that includes arts education spaces and affordable housing units for artists.



Challenges

Challenges

1. Streetscape Context
2. Municipal Revenue & Costs
3. Cost of Conversion
4. Regulatory Requirements – Zoning and Building Codes

Challenges

1. Streetscape Context

- Buildings built up to the property-line on busy streets with narrow sidewalks are not ideal for residential conversion (bottom left).
- However, landscape buffers and even small setbacks can help create the sense of privacy desirable for ground-level residential uses (bottom right).



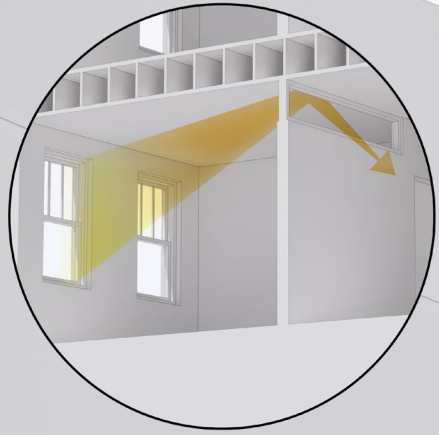
Streetscape Context: Impact on Layout & Livability



Privacy / Security

Lack of separation from street makes keeping windows open challenging

Privacy concerns in relationship to access to daylight



Daylight

Daylight may be challenging for some unit types.

Borrowed light concept using interior clerestory windows can allow for more interior daylight



Acoustics

Ground floor and street proximity can create interior acoustic issues for inhabitants

Vehicular Access and Parking

Limited parking access depending on neighborhood

Challenges

2. Municipal Revenue & Costs

Retail Development

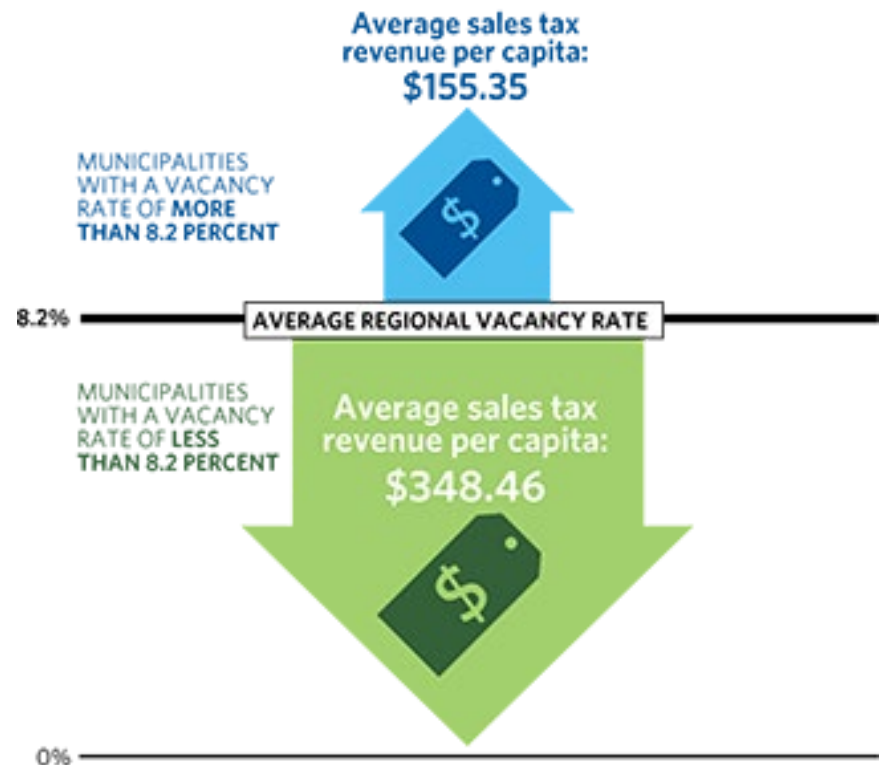
- Due to sales tax revenues, retail developments often generate the highest fiscal benefits for municipalities on a per-acre basis.
- However, without a sufficient customer base from nearby households or employees, retail may not produce the hoped-for fiscal return.
- Additionally, areas with high retail vacancy rates tend to generate lower average sales tax per capita (right).

Residential Conversion

- High-density, infill residential development, especially in areas with unused infrastructure capacity, can generate very positive fiscal returns.
- Residential developments have a higher fiscal impact if their ability to support retail development is considered.

Source: Fiscal and Economic Impact Analysis of Local Development Decisions, CMAP. January 2014.

Average state sales tax revenue (2014) by retail vacancy rate (2015) in the CMAP region



Source: Chicago Metropolitan Agency for Planning analysis of data from CoStar, 2015; the Illinois Department of Revenue, 2014; U.S. Census Bureau, 2009-13 American Community Survey five-year estimates.

Challenges

3. Cost of Conversion

- Typically cheaper than new construction but can be impacted by:
 - Unforeseen construction challenges such as building structural and mechanical/electrical upgrade issues.
 - Ease and timeliness (or lack thereof) of zoning and building permit process.

Challenges

4. Regulatory Requirements – Zoning and Building Codes

- Zoning codes typically do not permit ground-level residential in commercial zones by right.
- Building codes have different requirements, such as light & ventilation, for living spaces that can make it difficult to retrofit commercial floor plates for residential uses.

Summary: Benefits & Challenges

Benefits & Challenges for Different Stakeholder Groups

Stakeholder	Benefits	Challenges
Owner/ Developer	<ul style="list-style-type: none"> • Opportunity to lease chronically vacant/ underutilized space unsuitable for retail • Create new accessible units at the ground floor level 	<ul style="list-style-type: none"> • Obtaining zoning approval can be time-consuming and difficult • Opposition from community members/ neighbors holding out hope for retail • Conversion costs can be significant and unpredictable • Renovations might trigger additional code compliance
Municipality	<ul style="list-style-type: none"> • Opportunity to reduce vacancy and activate streets • Utilize existing infrastructure to create needed housing • Increase population density to support consolidated retail • Preserve existing building stock and community character • Stabilize tax base 	<ul style="list-style-type: none"> • Loss of retail space and associated potential sales tax revenues • Compatibility & safety of residential uses on busy commercial streets • Potential of greater demand on municipal services such as water and sewer and public safety
Neighboring Retailers	<ul style="list-style-type: none"> • Increased customer base because of new residents • Healthier retail environment due to reduced vacancy/ turnover in nearby commercial spaces 	<ul style="list-style-type: none"> • Reduced synergistic traffic from adjacent retailers • Potential conflicts with new residents due to noise, customer traffic, loading/unloading from typical commercial operations
Community	<ul style="list-style-type: none"> • Increased housing choice in the neighborhood • Activated street environment, preserved neighborhood character • Consolidated commercial within a core zone 	<ul style="list-style-type: none"> • Loss of commercial/ retail space in the neighborhood • Potential concerns with number of units and parking for new residents
(Future) Residents	<ul style="list-style-type: none"> • Opportunity to live in a neighborhood of their choice at a relatively lower price point (compared to other units) • Proximity to transit, work, shopping, and other amenities • Accessible units for people with limited mobility 	<ul style="list-style-type: none"> • Potential privacy and safety concerns with living at the street-level • Excessive street noise • Daylight and ventilation might be less optimal in deeper floor plates originally meant for commercial uses

Case Studies

91st and S. Beverly Boulevard

By Chicago Metropolitan Housing Development Corporation (CMHDC)

- Difficult-to-lease ground level commercial space in a 30-unit building converted to create seven new residential units.
- Unit Characteristics:
 - Approximate cost: \$120K per unit.
 - Separate entrance for each unit.
 - 12-foot ceilings and abundant natural light, lower portion of windows are frosted for privacy.
 - Area amenities: Metra station across the street, two bus lines within ½ mile, nearby parks, schools and shopping.
- Conversion Challenges
 - 9-month long and costly process for zoning change.
 - Unforeseen construction challenges and costs associated with expanding electrical and water service.
 - Relocating some existing tenants temporarily while work was being completed.



Building with Vacant Commercial Space Before Conversion

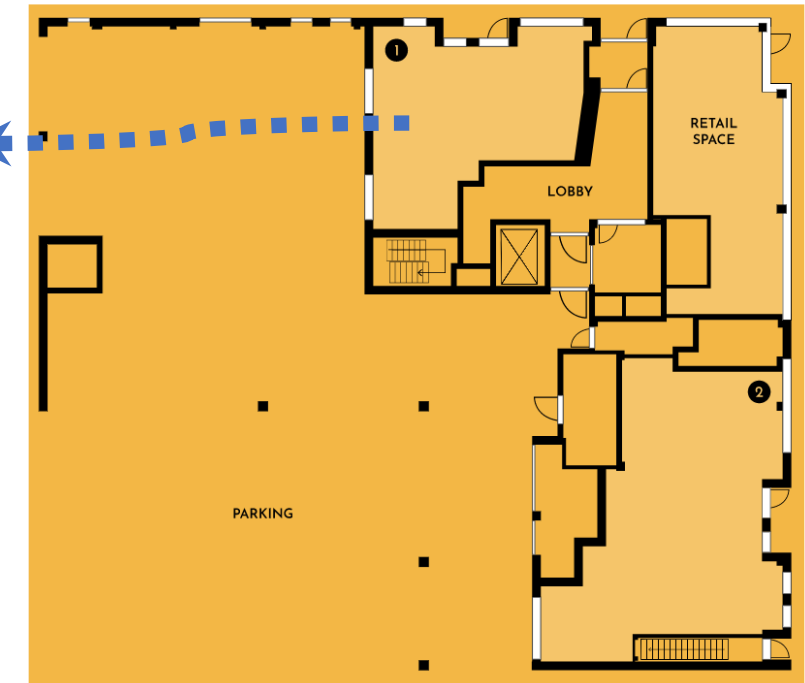
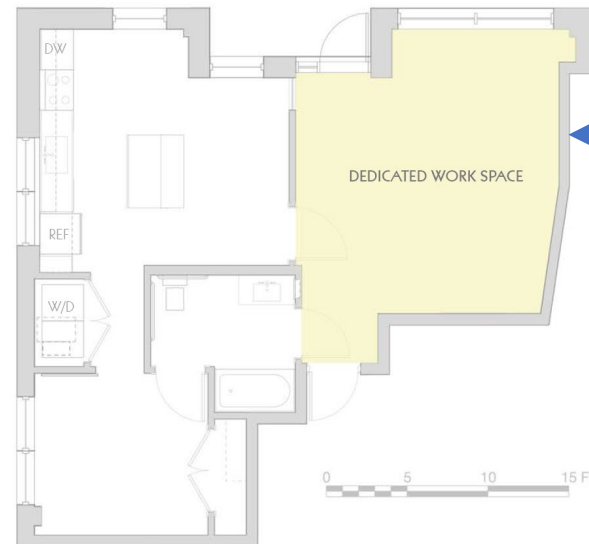


New Ground-level Residential Unit in Converted Commercial Space

Live-Work Units at 801 S. Oak Park Avenue, Oak Park

By The Community Builders

- Two ground-level live-work units in the new 37-unit residential building offer a model for converting deep commercial floor-plates into residential uses and balancing privacy with street activation.
- Unit Characteristics:
 - Floor plan positions the work-space towards the street and the living space towards the back for privacy.
 - One unit is rented at market-rate, the other unit is rented at to a local artist making 60% of Area Median Income (AMI).
 - Area amenities: Blue line station, parks and full-service grocery store. The building is located at the transition of a commercial corridor into a residential neighborhood.



How

Addressing Regulatory Challenges

Zoning Code

Zoning Code Issue:

- Most zoning codes do not allow residential uses at the ground-level in commercial zones as of right.
- Seeking zoning relief for residential conversions can be time-consuming and daunting with unpredictable outcomes.

Resolution:

- Municipalities can choose from a range of options to create a streamlined and predictable review process for residential conversions:
 - Develop corridor and neighborhood plans with community consensus that clearly delineate preferred locations and criteria for residential conversions. Expedite approval for proposals that are consistent with the adopted plan.
 - Update zoning code – consider code amendment via text and/or map changes, creation of overlay zones, etc. For additional detail, refer to the Appendix.



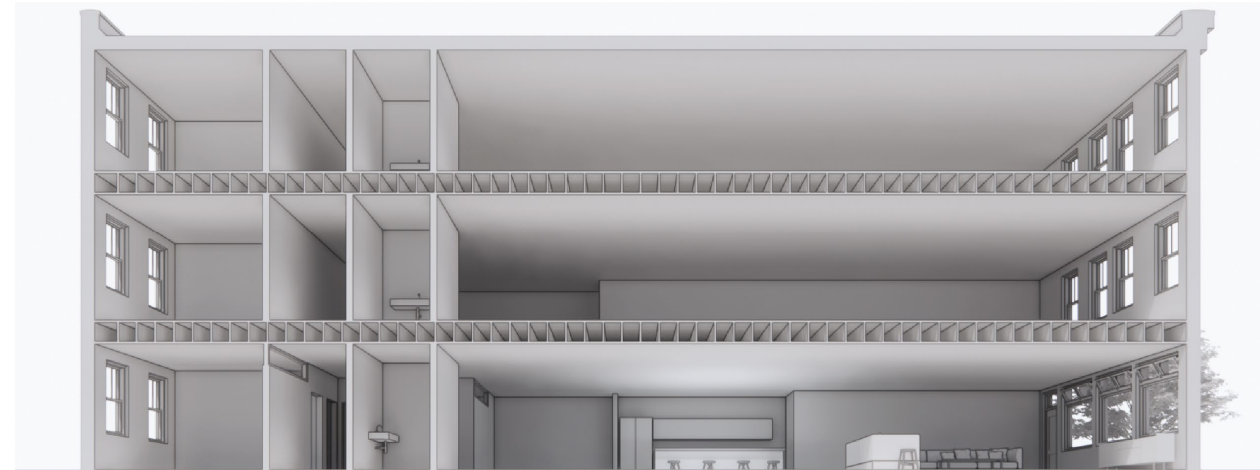
Building Code: Permitting

Building Code Issue:

- There are both real and perceived complexities with building retrofits. Real barriers include building system related upgrades which may be complicated and costly. Perceived issues relate to the unknowns of both **zoning** and **building** permitting process when a change of use comes into play, and the lack of familiarity by both municipalities and owners.

Construction Resolution:

- Municipalities could streamline review process for certain pre-approved configurations.
 - Reduction or deferment of plan review or permit fees.
- Municipalities could expedite review process by creating prototype plans that are adapted to the specific building.



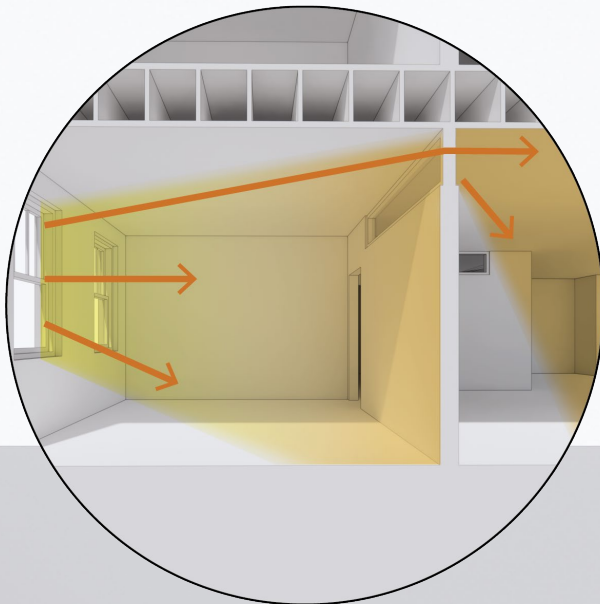
Building Code: Addressing Daylight

Building Code Issue:

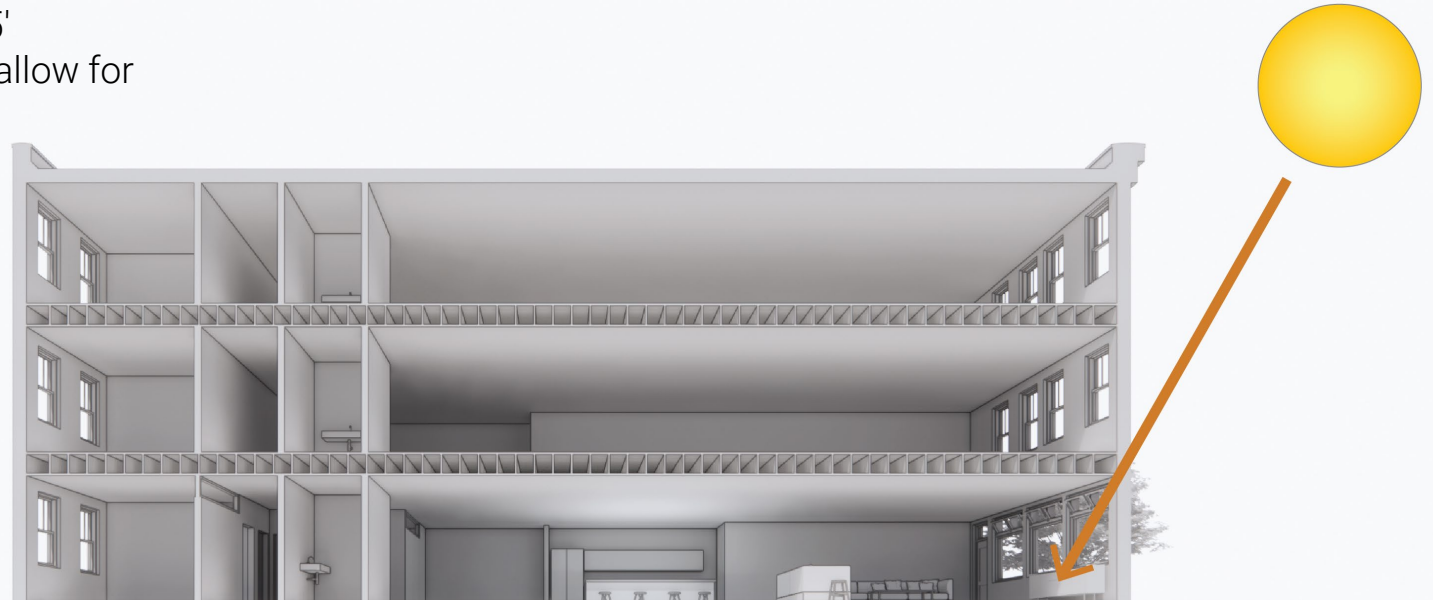
- Every habitable space to have a window (access to daylight), "borrowed" light could be acceptable so long as meeting the code required minimum window area requirements.
- In most storefronts the issue is typically not about quantity of glazing but making sure that any interior habitable rooms have access to daylight. The only rooms that do not need daylight are non-habitable such as closets or laundry rooms.
- Rule of thumb for maximum depth from a window is 35'
- Commercial spaces generally have higher ceilings and allow for taller windows with more daylight potential

Construction Resolution:

- Retrofitting of alternate windows to allow for operability while remaining secure.
- Taking advantage of rear-facing façade to incorporate more windows
- Creating borrowed light rooms that do not have floor to ceiling walls



Daylight: Clerestory Windows for borrowed daylight into deeper rooms



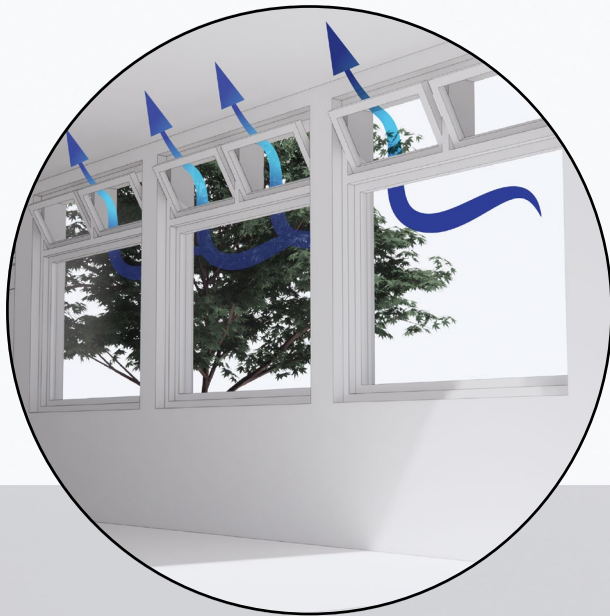
Building Code: Addressing Ventilation

Building Code Issue:

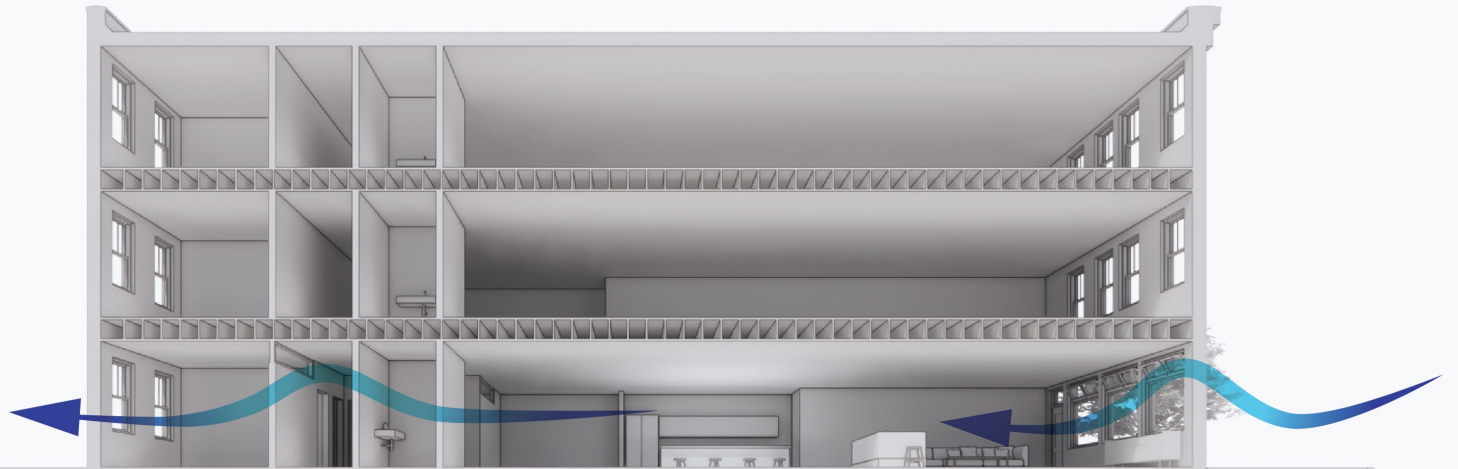
- Natural or mechanical ventilation required in all buildings; passive (natural) ventilation usually desired in residential spaces to avoid using energy at all times.
- Fixed storefront windows do not allow for window operation.
- Mechanical ventilation still required for bathrooms that do not have exterior wall, ventilation access.

Construction Resolution:

- Retrofitting of operable windows that allow for ventilation and allow for security (out of reach from exterior).
- Interior spaces that do not have access to windows will continue to require ducts and mechanical means of providing adequate air changes to a space.



**Ventilation: Operable Hopper or
Awning Windows allow for ventilation**
(while allowing security from street)



Building Code: Accessibility

Building Code Issue:

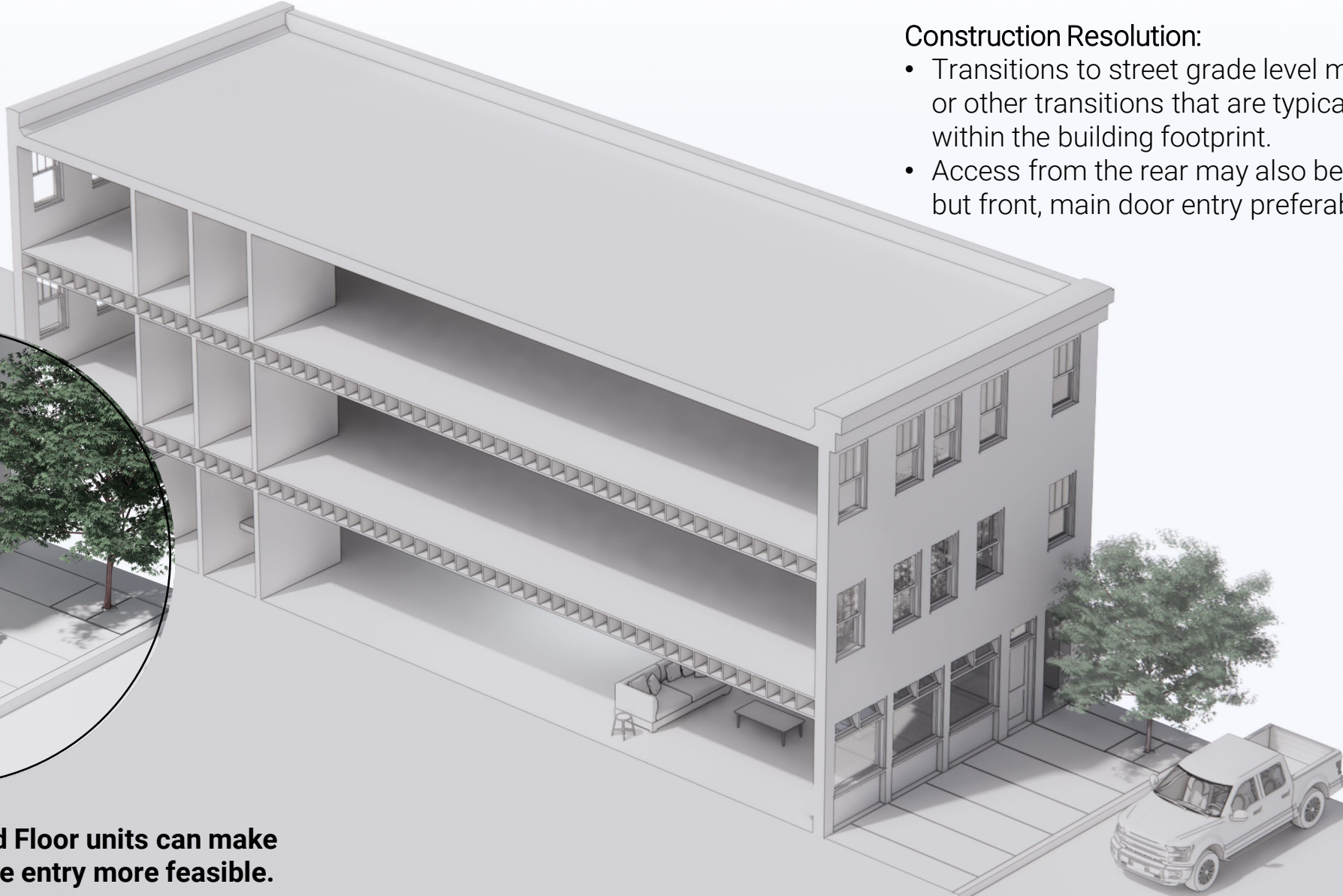
- Ground floor units can allow for a more feasible retrofit for wheelchair or limited mobility access.

Construction Resolution:

- Transitions to street grade level may require ramps or other transitions that are typically required to be within the building footprint.
- Access from the rear may also be possible, but front, main door entry preferable.



Accessibility: Ground Floor units can make retrofit for accessible entry more feasible.



Building Code: Building Systems

Building Code Issue:

Retrofitting requires extensive rework of the existing systems. Because of the change of use, upgrades required to meet current code may trigger other electrical and mechanical work.

Mechanical

- Verify compatibility of system for residential use.

Plumbing

- Verify existing capacity for plumbing and sewer (not typically an issue).

Electrical

- General compliance and new circuiting throughout to fit updated floor plan arrangement.

Fire Protection (Sprinklers)

- Dependent on building construction type and classification, no. of residential units, and floors. Sprinklers not required on smaller buildings but may be required in larger properties and above two stories.

Construction Resolution:

Mechanical

- Replace or retrofit existing system.

Plumbing

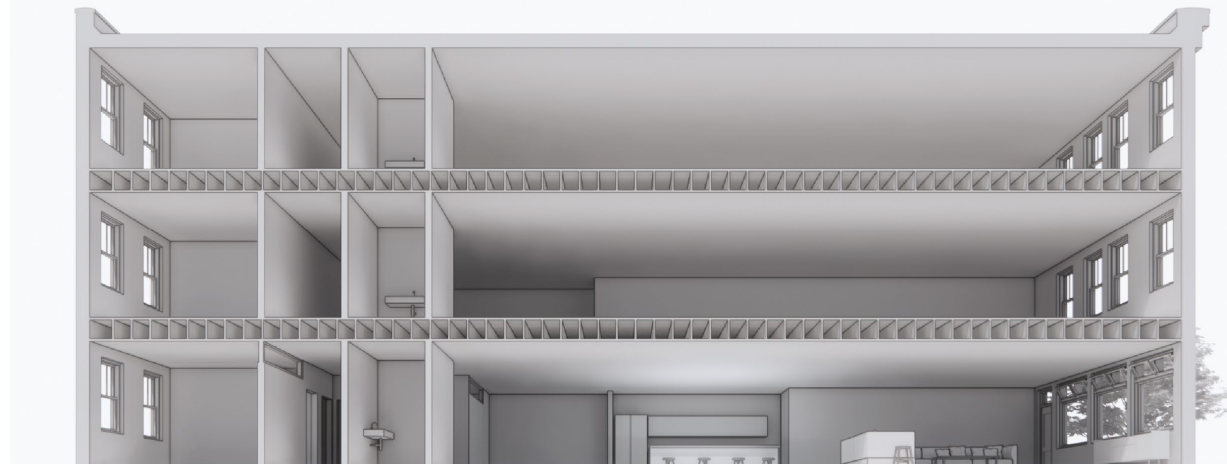
- Plumbing retrofit for residential requires rework of existing building infrastructure.

Electrical

- Branch circuits required to be updated to match new layout. Any existing panels and other infrastructure may need modernization to meet current code because of the change in use.
- Fire Alarm systems required to meet residential requirements.

Fire Protection (Sprinklers)

- New installation and potential introduction into other units.



Where

Evaluate the Potential of Conversion



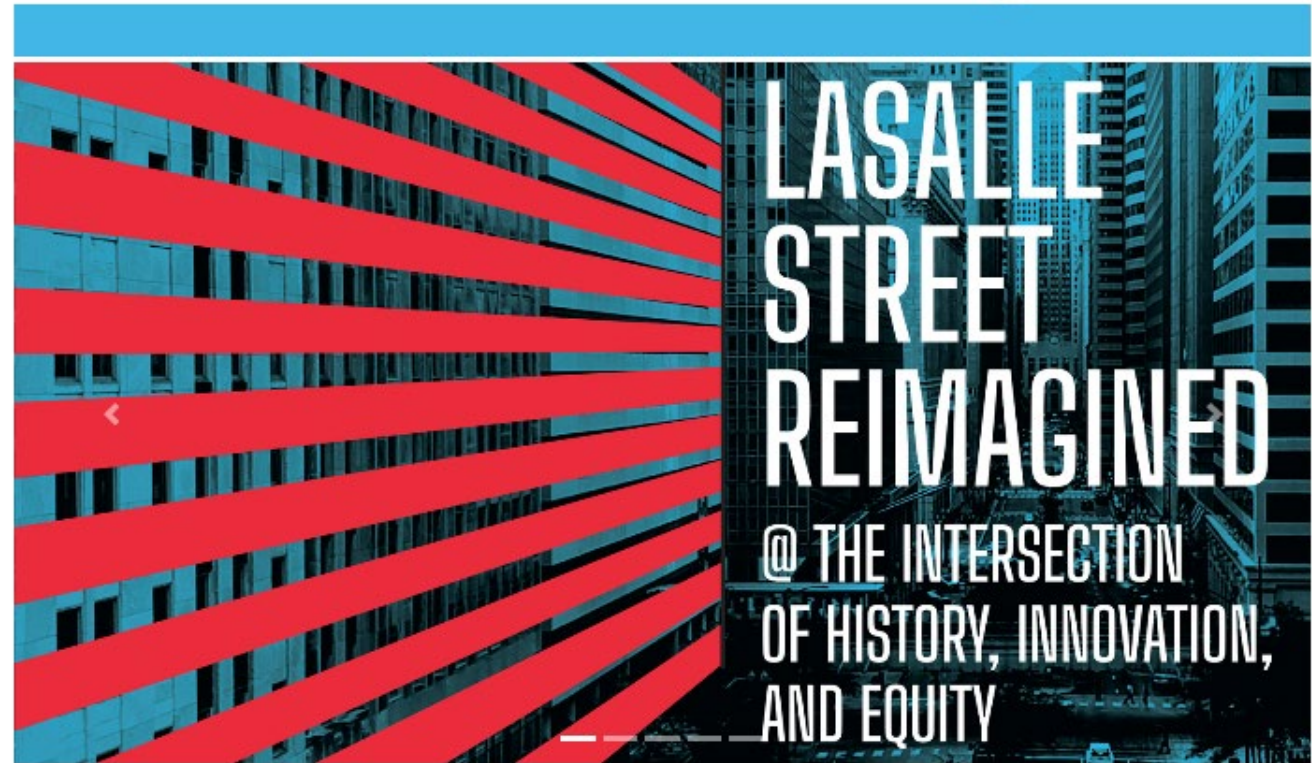
Potential Residential Conversion Locations | Desirable Features

- Intensity and Adjacency of Land Uses
 - Minor commercial corridors or “shoulders” of business districts where commercial uses are blending into residential.
 - Commercial spaces in mostly residential areas with limited visibility/access for commercial viability.
- Access to Amenities and Services
 - Transit or access to nearby parking options
 - Grocery store, pharmacy, and other shopping options.
 - Open space/ parks.
- Community and Municipal Support
 - Existing plans and/or zoning that supports residential conversion.
 - Underlying incentive zones, such as TIF, that can help finance residential conversion.

Potential Residential Conversion | Building Types

Opportunities for residential conversion exist in a wide range of commercial building types:

- Larger office and mixed-use buildings
- Shopping malls – former retail spaces as well as parts of parking lot
- Single-story commercial buildings
- Residential buildings with ground-level commercial

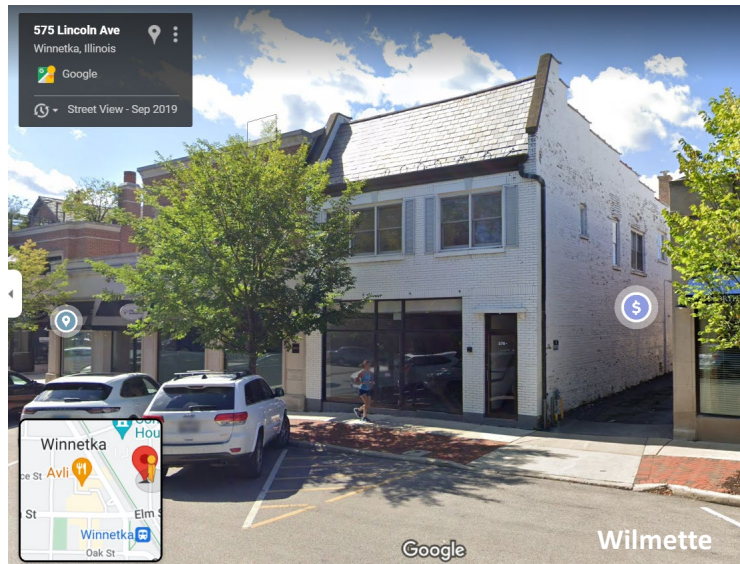


The City of Chicago's LaSalle Street Reimagined initiative is seeking proposals to create a more mixed-use, neighborhood-oriented environment along the LaSalle corridor in the Loop.

The initiative is making City financial resources and other incentives available for the conversion of underutilized office space as residential units, among other goals. Proposed projects must be located on or adjacent to LaSalle generally between Washington Street and Jackson Boulevard and 30% of the proposed housing units must be made available to residents at affordable levels. Private investment projects to repurpose vacant storefronts and other interior spaces will also be considered.

“Shoulder” Areas of Suburban Downtowns

- Opportunities sites/ buildings can be found in communities throughout the Chicago metropolitan area.
- Detailed analysis (not completed for this presentation) is necessary to evaluate conversion desirability and feasibility.

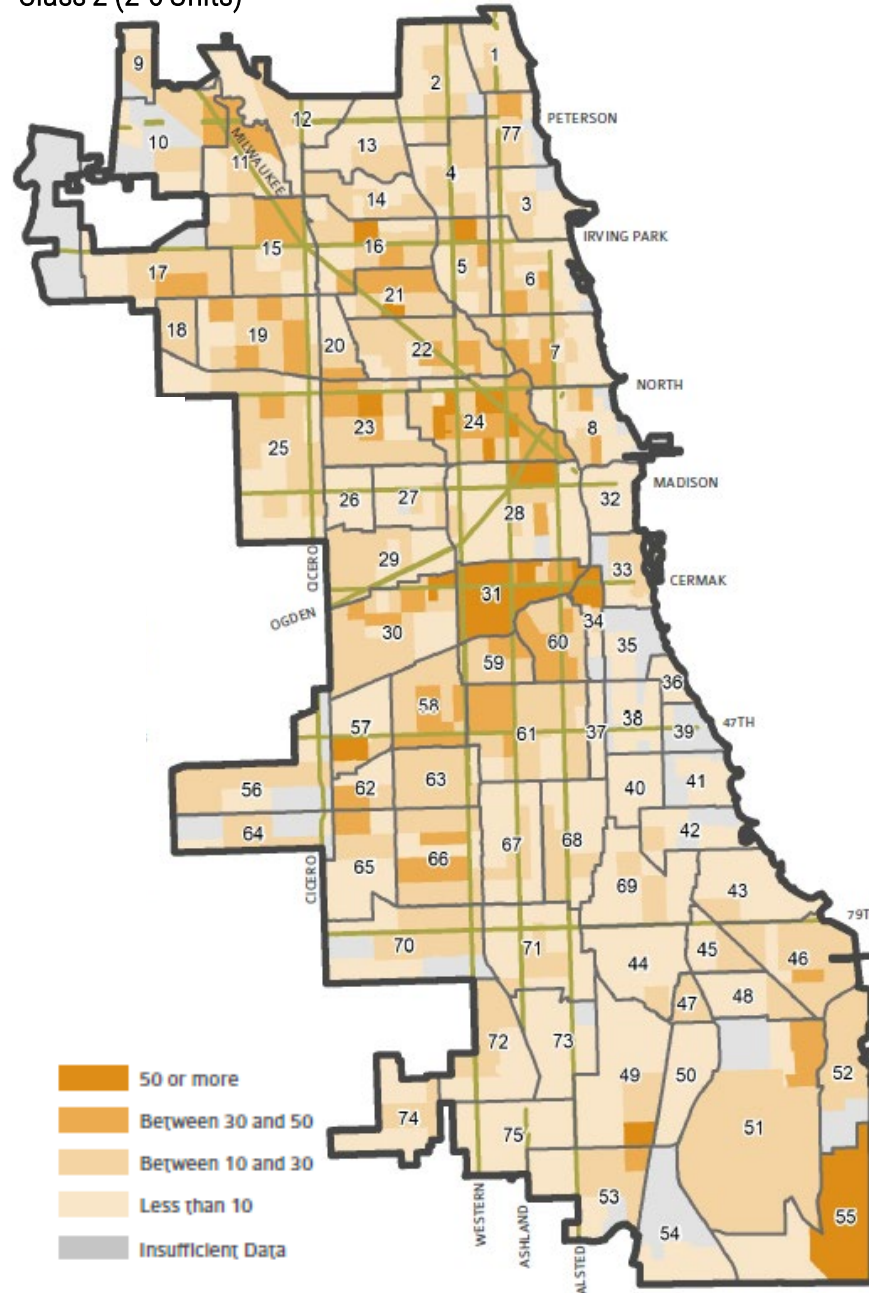


Distribution of Mixed-Use Parcels in Chicago by Census Block

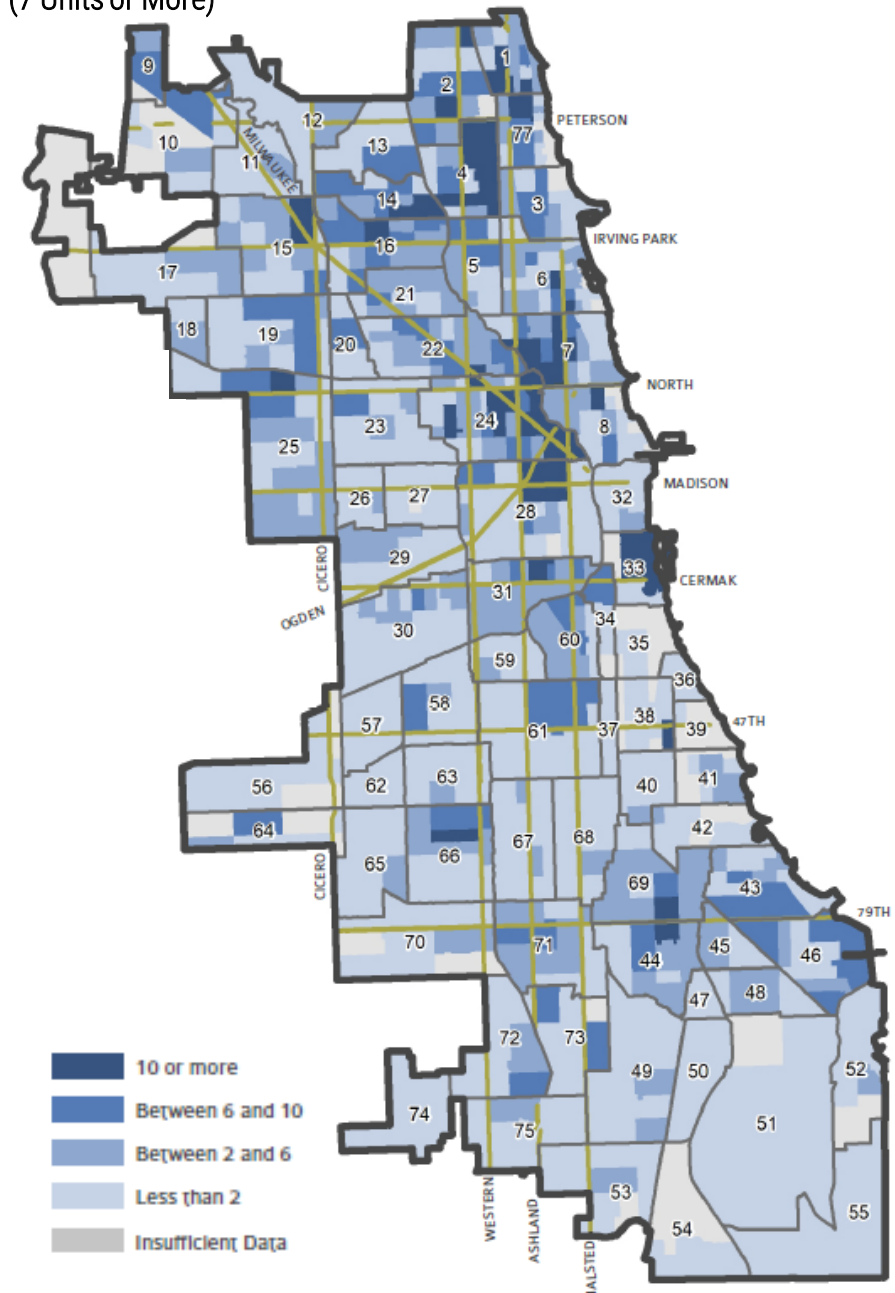
Analysis & maps prepared by Institute for Housing Studies, DePaul University

- Mapping of mixed-use parcels by census block allows for a more nuanced view of their distribution within community areas.
- Mixed-use buildings are distributed throughout the City, indicating that conversion opportunities exist in nearly all neighborhoods.
- Highest density of larger buildings (7 or more units) is on the north and northwest side.

No. of Mixed-Use Commercial/ Residential Parcels in Class 2 (2-6 Units)



No. of Mixed-Use Commercial/ Residential Parcels in Class 3 (7 Units or More)



SOURCES: COOK COUNTY ASSESSOR (2020).

INSTITUTE FOR HOUSING STUDIES
AT DEPAUL UNIVERSITY

City of Chicago Corridors and Neighborhoods



Figure 29. Western Avenue Corridor Proposed Land Use Framework

Action Steps

Actions Steps to Encourage Residential Conversions

- Build Community Awareness and Support
 - Planning processes that engage community members in planning the future of their neighborhoods & corridors
 - "Resident planner" style workshops/info sessions that create an understanding of interrelationships between different land-uses, especially retail and residential and development economics
 - Shared vision: community, civic leaders, municipal officials
- Create a Supportive Regulatory Environment
 - Plans/ policies that clearly articulate priority locations and characteristics for residential conversions
 - Zoning codes that allow by right or otherwise streamline residential conversions in identified priority locations
 - Building codes
- Incentivize Property Owners and Developers
 - Clearly defined parameters for project approval and streamlined approval process
 - Financial incentives such as reduced permit fees, access to low-cost loans, and grants in exchange for affordability of newly created units, can help create housing in target areas
 - Design strategies guidebook to overcome typical retrofitting challenges including light & ventilation

Initiative Participants

Initiative Participants

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Appendix

Appendix

1. Why do we want to encourage commercial to residential conversions -- narrative
2. Considerations for updating zoning codes

Why

It is time to address surplus commercial square footage within the commercial corridors in the greater Chicago area to strategically incorporate residential uses. We propose solutions for zoning, financial, design and to address the emotional challenges associated with these changes. We do this for the same reason ULI Chicago recently sponsored an initiative to make changes in how Chicago approves Accessory Dwelling Units (ADU's): the City needs more housing at all price points, and the most attainable and sustainable housing is in a building that is already standing, on land already invested in.

Our neighborhoods need vibrancy, the safety of numbers, communities to support the businesses we have and the businesses we want. Our work in revitalizing our commercial corridors and neighborhoods leverages the robust transit, park, and school infrastructure that exists in every neighborhood in the City.

Planning for changing commercial corridors is nothing new, from urban renewal to historic preservation, from the downtown pedestrian malls of the 1970s and 1980s to the Main Street organizations and BID districts still in operation today.

A committee member came to our first working session on the Retail to Residential initiative having pulled a 1997 American Planning Association publication from a retiring colleague's shelf, with the justification, design patterns and estimated budgets for the conversion of commercial spaces to residential living units. "Ah – look everyone, we're done, let's just recycle this!" we all joked. The authors of that 1997 publication were reckoning with 30 years of retail and urban change. So much of the Chicago region was built in an era where retail was concentrated, where people arrived on foot, by train or by streetcar. Jeweled, terracotta, ironwork-framed storefronts invited people in and off the sidewalk. As the commercial sector consolidated into larger stores and people arrived at these stores by automobile, and retail consolidated where it could be developed around the automobile, we've always looked for ways to reposition the architectural inheritance we left behind.

Why

Now - 25 years later, things have changed further as people purchase goods online and have them delivered to their door – we need far less commercial area, everywhere – from Clybourn and State Streets in Chicago, to Water Tower Place and Old Orchard Mall. The pandemic accelerated this trend even further and has caused all of us to again reckon with the ever-transforming commercial sector and real estate.

In 2019 the ULI ADU initiative examined ways in which the City of Chicago might successfully implement programs to facilitate the creation of accessory dwelling unit program and allow basement and attic units that had long been prohibited under the City's zoning code. Such ancillary housing units had once been the norm in Chicago's neighborhoods, an integral part of the housing stock. But the City banned them at a time when they were worried about density and overcrowding over 60 years ago. Faced now with a need to add density and vibrancy to City neighborhoods, and as part of an effort in cities across the country to add needed housing units and eliminate low density zoning, the Chicago City Council implemented a pilot program where ADUs and basement and attic units could be added in six areas across the City.

ULI Chicago had been part of that planning effort and as part of an earlier study, had recommended that the City add commercial storefronts to the classification of housing units that could "come online" in underutilized building stock and privately owned land. City leadership knew that this issue was tied up with other considerations – a need for vibrant and walkable commercial corridors, the need for sales tax revenues in various jurisdiction and asked to defer this evaluation.

And yet the building stock remains, miles of it, and together with reinvestment in houses and new construction, it can add vibrancy to our corridors and carve out a place in the City for many.

We are also in an era where home has taken on new meaning. "Live/work" used to be a creative designation for developers to squeeze a little more out of unusual spaces – something between commercial and residential, bending conventional boundaries for residential space. With the pandemic necessitating remote work and as the arrangements appear to have stuck –our homes are places of work and we need different kinds of space. This does not mean that everyone who web-conferences needs to go live in a storefront, but the definitions of what home is, how much space you need and how you might use it, how you divide your space is changing.

The most sustainable building is the one that is already built.

In neighborhoods where housing is scarce, storefront conversions are attractive – they are at grade and can be made accessible without elevators or large footprints. They can be converted to housing units more quickly and affordably than other options, and they don't require demolition.

Chicago has a lot of vacant space and it is not acceptable to let it sit empty. These reinvented store fronts can boost local economies, reduce new construction waste, and add vibrancy to our communities' essential corridors.

Why | Developer/ Owner Perspective

Our interviews with owners of commercial real estate suggest that greater allowance of retail-to-residential conversions, or the right to build new multifamily buildings with ground-floor retail, would be a welcome development. More specifically, these owners reported that:

1. Many older buildings have ground floor spaces that are deficient with respect to accessibility, visibility, foot traffic, ceiling heights, ventilation, and even floor layout. When forced to remain commercial, these spaces often remain vacant or, at best, are populated with marginal tenants that do not add street vitality.
2. Many of these spaces are in residential buildings with property owners that lack interest or expertise in commercial management. In such cases, the profitability of the building is based almost purely on residential rents with any commercial tenancy seen as a “bonus.” These spaces tend to suffer from lack of investment which in turn increases the likelihood of vacancy or tenancy that fails to enhance the street environment.
3. Where processes are in place to request variances for residential use, these processes are seen as too costly and time consuming, and with too little chance of success, to be worth pursuing.

These same interviews as well as previous discussions of the project team with developers suggested that ground-floor retail requirements in areas with weak demand make financing projects more challenging, as those retail spaces are often assumed to generate minimal or even zero revenue. In effect, developers often assume that those spaces will be vacant, or at best will be leased to non-credit tenants with high turnover and long periods of intermittent vacancy.

The developers have indicated, and several of our team members have agreed, that attractive ground-floor residential spaces (which often include greening, enclosed patio areas, or decorative screening) not only are easier to lease in most cases but can provide greater aesthetics to a streetscape than vacant storefronts or occupancy by undercapitalized tenants.

Zoning for Conversions

Overview

One of the roadblocks to converting vacant commercial storefronts into housing is zoning regulations. Zoning ordinances limit or prohibit uses deemed unsuitable for certain districts to facilitate cohesive and orderly development. Typically, zoning ordinances do not allow for ground floor residential in a downtown, business district, or commercial corridor in order to reserve for businesses incompatible elsewhere. However, with the changes in commercial real estate and social patterns, it is time to consider amending the local zoning ordinance to reflect the desired use, such as ground floor residential in a formerly commercial building.

Zoning compliance is a daunting task for the average property owner, especially one dealing with under-performing properties. Therefore, once potential locations for ground floor commercial conversions to residential are identified, zoning should be addressed to remove hurdles to implementing that conversion. There are a few ways this could be approached. The best one for a municipality will depend on the existing structure of their zoning ordinance and procedures.

The approaches discussed herein can apply to zoning changes allowing purely residential use on the ground floor or allowing residential as part to a live/work unit.

Zoning for Conversions

This section will provide a few different approaches to legalize ground floor commercial to residential conversions. Each one requires due process, including a public hearing and adoption by the local governing body. The procedures for such may vary from one municipality to another and state to state. Below are the three different approaches, each provided for consideration with their strengths and weaknesses:

1. Amend the zoning ordinance text.
2. Amend the zoning map.
3. Adopt a planning document.

Zoning Text Amendments

The most straight-forward way to allow ground floor residential in vacant commercial storefronts is through a zoning text amendment. This can add the use to existing zoning districts as a special, limited/conditional, or permitted use. With the added use, the municipality should consider allowing relief from other zoning requirements, such as the required quantity of off-street parking.

The following discussion considers only residential use on the ground floor, not live/work. See the end of the zoning discussion for more considerations for live/work.

Language used for zoning regulations can vary between different locales.

For the purposes of this report, the term **special use permit** is used to mean a permit that requires a public hearing and review by one or more boards of elected or appointed officials.

The term **conditional use permit** means a permit that requires compliance with certain criteria or performance metrics set forth in the ordinance, but approved by administrative review.

The term **permitted use** means by-right development that is allowed in the zoning district and may require a zoning compliance permit, issued administratively.

Zoning for Conversions: Text Amendments

1. Permitted Use to Allow Ground Floor Residential

The most direct way to encourage conversion of existing vacant commercial storefronts to residential units is to make them a by-right permitted use in the applicable zoning districts. This is best applied in conjunction with a map amendment that defines the corresponding zoning districts for the permitted use. If map amendments are not made in conjunction with the text amendment, the municipality may consider developing clear use-specific criteria or standards that a property must meet in order to comply as a permitted use.

Use-specific requirements for a ground floor residential conditional use permit might include:

- A certain proximity to the adjacent residential zoning district or residential land uses.
- Location on certain streets, identified by their service classification or simply by name.
- An age restriction for the building to encourage conversion in older structures not applicable to new construction.

Zoning for Conversions: Text Amendments

2. Conditional Use Permit to Allow Ground Floor Residential

A conditional use permit may be the Goldilocks' tool to permitting conversions, if they are an existing tool in the municipality's zoning tool kit. A conditional use can set forth specific criteria for the conversion properties (sample below) and allow for extra review, but without the burden of the public hearing. This can provide the case-by-case oversight appropriate to this location-based intervention without the hurdles of a public hearing before elected/appointed officials. The added review for compliance with the use specific criteria can allow for a permitting process either with or without a map amendment or planning documents.

Use-specific requirements for a ground floor residential conditional use permit might include:

- A certain proximity to the adjacent residential zoning district or residential land uses.
- Location on certain streets, identified by their service classification or simply by name.
- An age restriction for the building to encourage conversion in older structures not applicable to new construction.
- Evidence of the property owner's unsuccessful attempts to lease the property for commercial purposes.

Zoning for Conversions

3. Special Use Permit to Allow Ground Floor Residential

A special use permit process will be the most challenging to the property owner, requiring a public hearing and its associated notifications and costs, added time, and the uncertainty of review by elected and/or appointed officials. However, the special use permit allows for evaluating the suitability of each unique site requesting the permit. If no map amendments or planning documents are made, or the municipality does not have a process for administrative conditional use permit approval, this may be the most logical path to allowing ground floor residential in appropriate locations.

Depending on the community, the special use permit process may be lengthy and costly, adding cost, time, and challenge to the inexperienced property owner. To encourage or incentivize conversions, the municipality may wish to:

- Consider waiving burdensome application requirements that may not be material to evaluating the case, such as a required plat of survey.
- Consider waiving requirements to come into compliance with other regulations, not directly associated with the change in use. Some communities require an applicant for a special use to come into compliance with all current regulations, which may mean substantial changes to the site impacting lot coverage or landscaping. Waiving these requirements in the interest of economic development can incentivize and speed the implementation of conversions.

Zoning for Conversions

ZONING MAP

Amending the zoning map may be a fitting approach if the municipality is in the process of other updates or amendments. Changes may take the form of rezoning properties in identified locations to either a lower intensity business use or to a high-intensity residential use that allows for ground floor residential.

Drawbacks to this approach can include imposing new limitation on uses of the rezoned properties if they are downzoned; push back from property owners who are not interested in conversion; and closer scrutiny per statutory requirements. This approach should be undertaken with careful consideration to comply with the LaSalle Factors (Illinois-specific) and avoid spot zoning.

Another approach within zoning map amendments would be to implement an overlay district. This could be appropriate for a larger municipality that has a contiguous area within the location requirements. Otherwise, an overlay zone would be less a zone and more a patchwork over the existing zoning districts. Introducing an overlay zone for the commercial to residential conversions is best suited for a municipality that uses overlay districts within their zoning regulations.

Zoning for Conversions

Planning Documents

A planning document may serve as another vehicle for allowing under-performing ground floor commercial conversions to residential. In Illinois, Comprehensive Plans and other planning documents (such as master plans, small area plans, strategic plans) are not legally regulating, but are important for establishing justification to special use permits or map amendments. Recommendations for ground floor conversions can be captured in a small area plan, master plan, or strategic plan (such as a plan focused on housing options) and include the location recommendations where this would be best suited. Such plans can then be a part of the findings of fact for due process in adopting text or map amendments or issuing special use permits. In other states where planning documents carry more regulatory power, adopting a plan may be the only tool needed to encourage and allow ground floor residential in vacant commercial spaces.

Live Work Considerations

If live/work units are the selected path for accommodating the conversion of vacant commercial storefronts into ground floor residential, there are additional considerations:

- If the municipality's zoning ordinance already allows for live/work units, review them through the lens of horizontal live work, opposed to the more traditional vertically-stacked approach.
- Coordinate with building code requirements and ensure that local amendments to the adopted model code are not prohibitive of live/work units.
- Clearly define live/work in the zoning ordinance to distinguish from home occupations, or work/live spaces.
- Refer to other helpful resources on live/work:
 - "Assessment of the Potential Role of Live/Work Development in Centers." July 2004. Delaware Valley Regional Planning Commission. *This document contains zoning and building code analyses and sample regulations, as well as many resources and an appendix.*
 - "Work-Live Adaptive Reuse Code Compatibility Study." January 13, 2015. BLRB Architects for the City of Tacoma, Washington. *Robust analysis of adaptive reuse in the City of Tacoma including case studies, sample floor plans, building code implications, and proposed zoning text amendments.*