CREDA PITTSBURGH

Supporting Office to Multi-Family Conversion in Pennsylvania

Position Paper | Commercial Real Estate Development Association
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The Context

Downtown Pittsburgh carries a central business district office vacancy rate of 17.5 percent, with large blocks of Class B and C space that will not re-lease as office. At the same time, Pittsburgh has a median home age of 68 years and only 2.2 percent of homes sold are newly constructed, one of the lowest shares in the nation. Office-to-multifamily conversion addresses both problems at once: it removes obsolete office inventory and adds housing units in walkable, transit-served locations.

The barrier is economics. Conversion costs in Pittsburgh's CBD run $150 to $250 per square foot, compared to $100 to $180 for new ground-up multifamily construction. Without targeted incentives, most projects are not financially feasible. According to a study by CommercialEdge cited in the Pittsburgh Post-Gazette, 5.2 million square feet of office space in Pittsburgh can be practically converted to residential, ranking 6th nationally as a Tier 1 Conversion Office Space City.

17.5%
Pittsburgh CBD office vacancy rate

5.2M sq ft
Pittsburgh Tier 1 conversion-ready office space (ranked 6th nationally)

68 years
Median age of Pittsburgh housing stock

Sources: Pittsburgh CBD vacancy data, CREDA Pittsburgh; CommercialEdge Conversion Feasibility Index as cited in Pittsburgh Post-Gazette; U.S. Census Bureau housing age data.

What Pennsylvania Needs to Do

- Statewide 20-year LERTA abatement for conversion projects. Extend self-executing tax abatement authority to all Pennsylvania municipalities for improvements converting deteriorated commercial or institutional property to residential use. No additional local ordinance action should be required. **CREDA Pittsburgh supports SB 1277, sponsored by Senator Patrick Stefano.**
- Adopt an Adaptive Reuse Tax Credit or increase the Historic Tax Credit. Establish a state tax credit at a percentage of qualified conversion costs for projects converting at least 50 percent of existing commercial floor area to residential use. Alternatively, increase the Historic Preservation Tax Credit cap to match Ohio's $75 million annual commitment.

State	Historic / Adaptive Reuse Tax Credit Program
New York	Led the nation in historic rehab tax credit use in 2024, with 154 building projects totaling $2.8 billion in economic activity. The state lifted income restrictions on its rehab credit when the project creates affordable housing. (Source: Governor Hochul Press Release, July 2025)
Ohio	$75 million annual cap. (Source: Ohio Development Services Agency)
Pennsylvania	**$20 million annual cap. An increase to $75 million would make Pennsylvania competitive. (Source: Pennsylvania DCED)**

- Rehabilitation code track under the Uniform Construction Code. Adopt performance-based and tiered compliance alternatives to prescriptive new construction standards for conversion projects, consistent with approaches used in New Jersey, New York, and Maryland. This reduces conversion costs by 10 to 20 percent on eligible buildings.
  - *Current problem: PA follows the 2021 IEBC without a tiered framework. When a project's work area exceeds 50% of total floor area, it escalates to Level 3 alterations, requiring the entire building to comply with current code. A change of use from office to multi-family also triggers compliance with provisions of the new use.*
  - *New Jersey's solution: NJ implemented a six-tier system that provides developers with flexibility and cost relief based on the specific type of work being completed, not on a broad use-based change or work area calculation. National Conference on Building Codes / HUD Smart Codes Guide cites NJ's program as reducing conversion costs by 10-20%.*