

Office to Co-living Can Add Deeply Affordable Housing with Lower Subsidy

July 2025

Pew | Community
Solutions





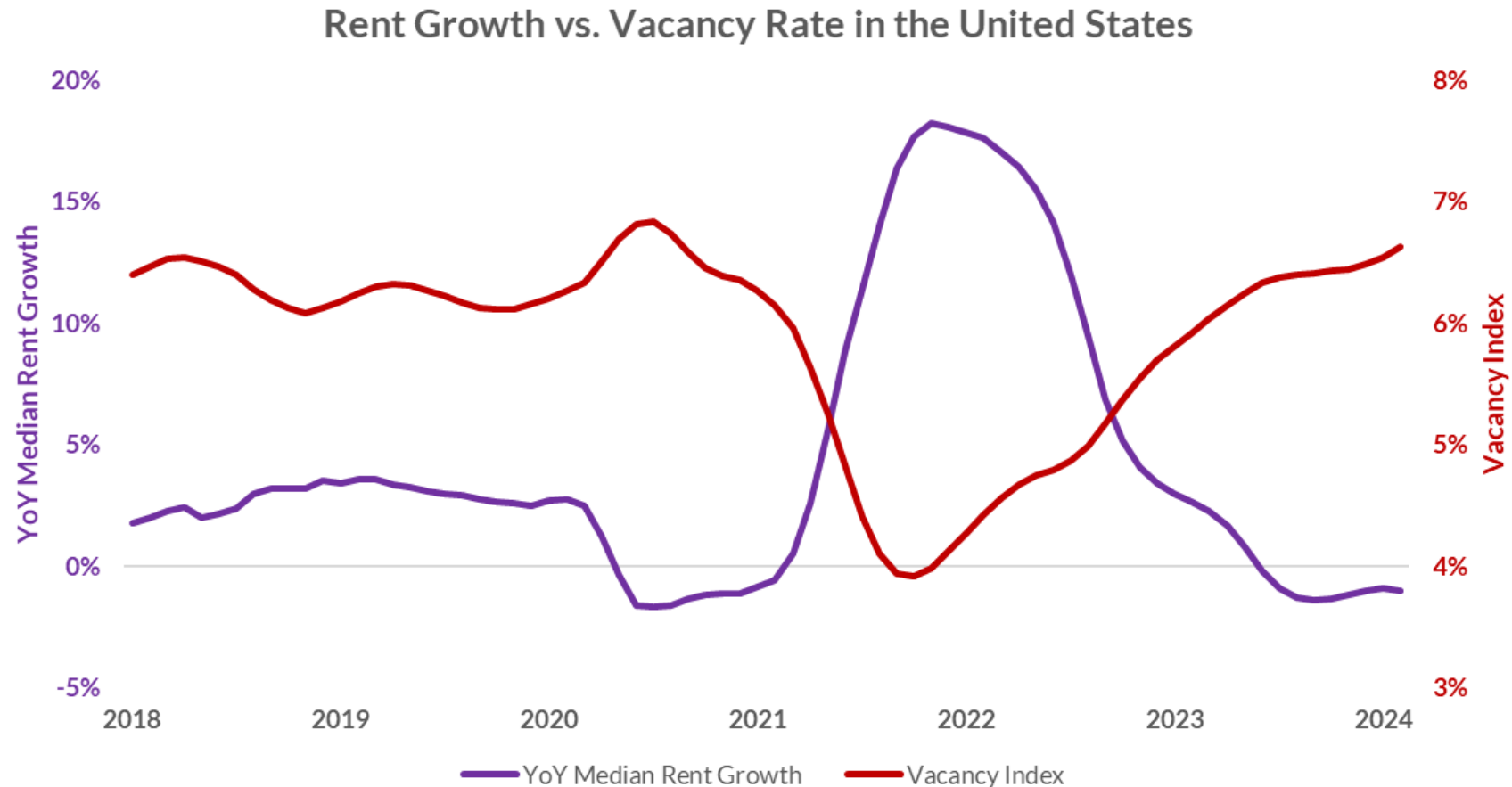
New Unit



Housing Costs, Office Vacancies Have Reached All-Time High in the Past Few Years

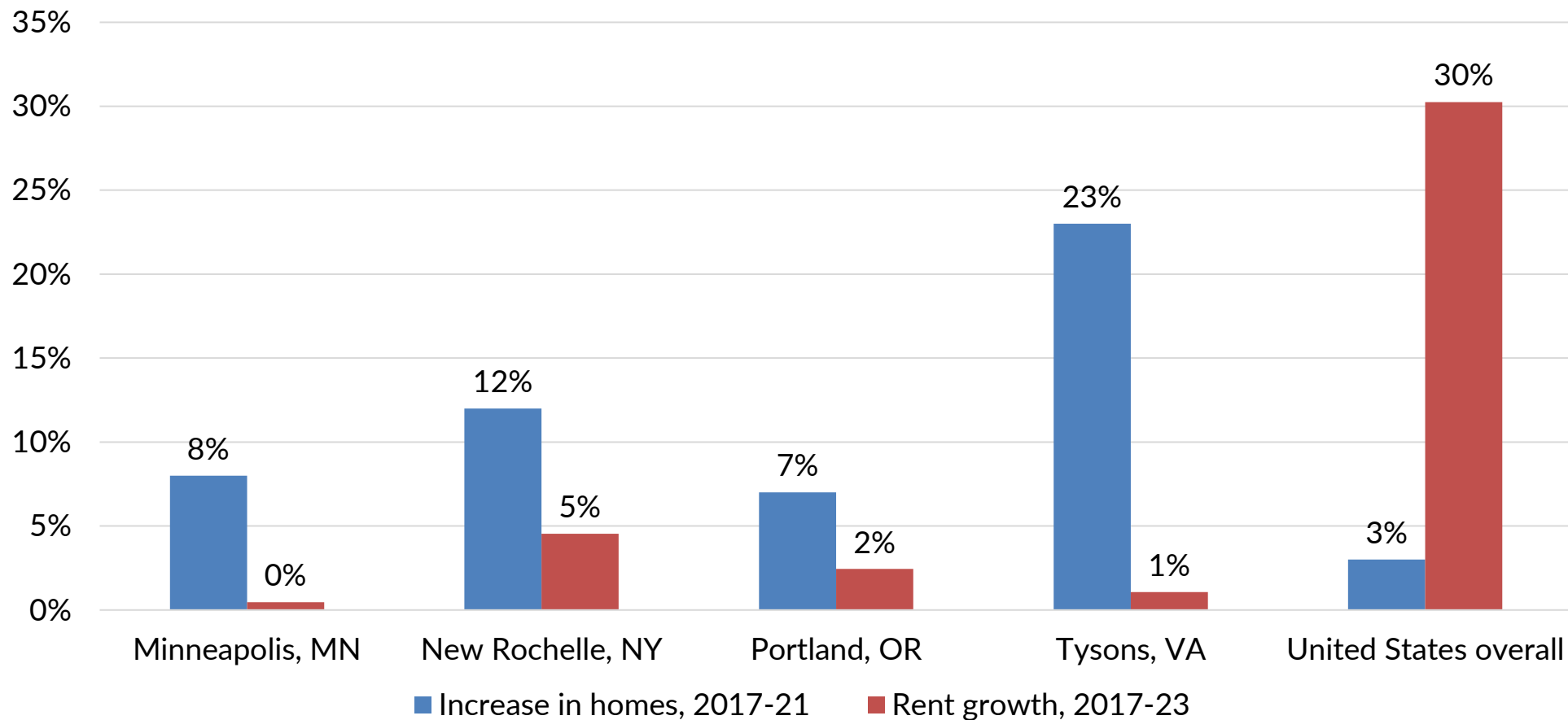
- Across U.S.
 - Half of renters are spending more than 30% of their income on rent
 - One-quarter of renters are spending more than 50% of their income on rent
- Avg. U.S. household size at all-time low of 2.49, while 40% of renter households have 1 person
- 49% of Chicago renter households are single-occupant; 56% of Washington, D.C. renter households are single-occupant
- U.S. housing shortage estimated at 4 to 7 million homes
- U.S. office vacancy at record-high 20%

Rents Rise Quickly When Shortages Occur



Source: Data from Apartment List

Rent Growth Is Low Where Housing Has Been Added

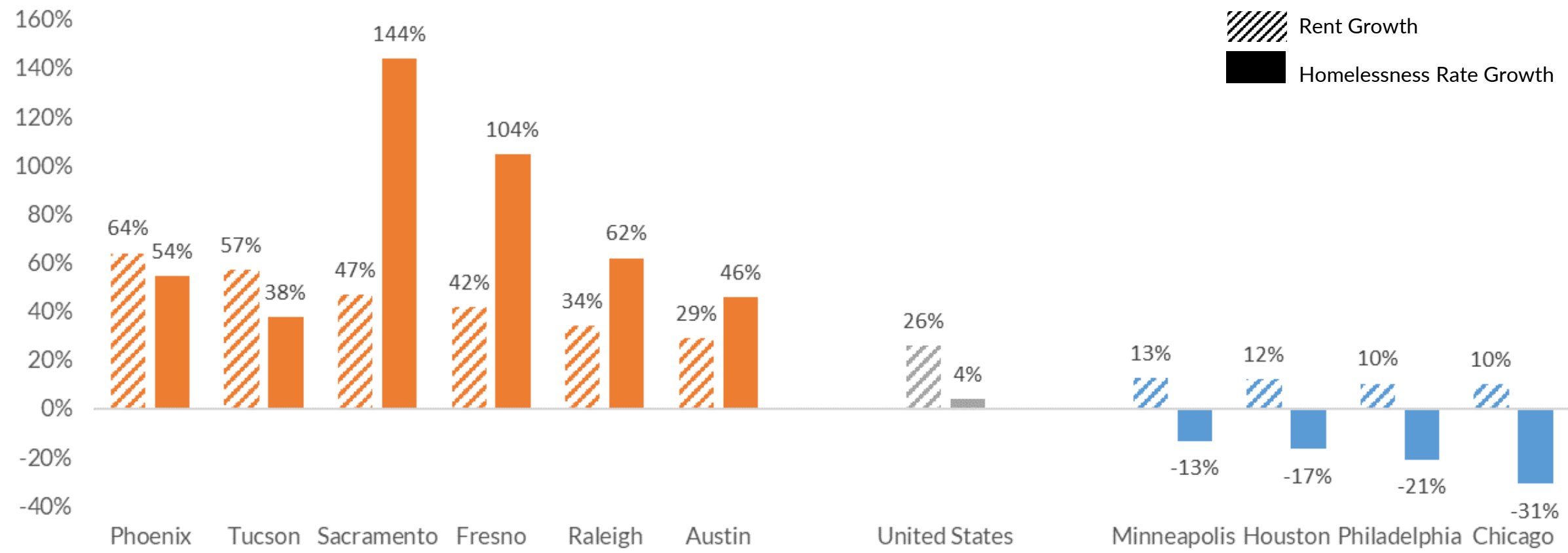


The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

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

Homelessness Increased in Areas Where Rents Soared

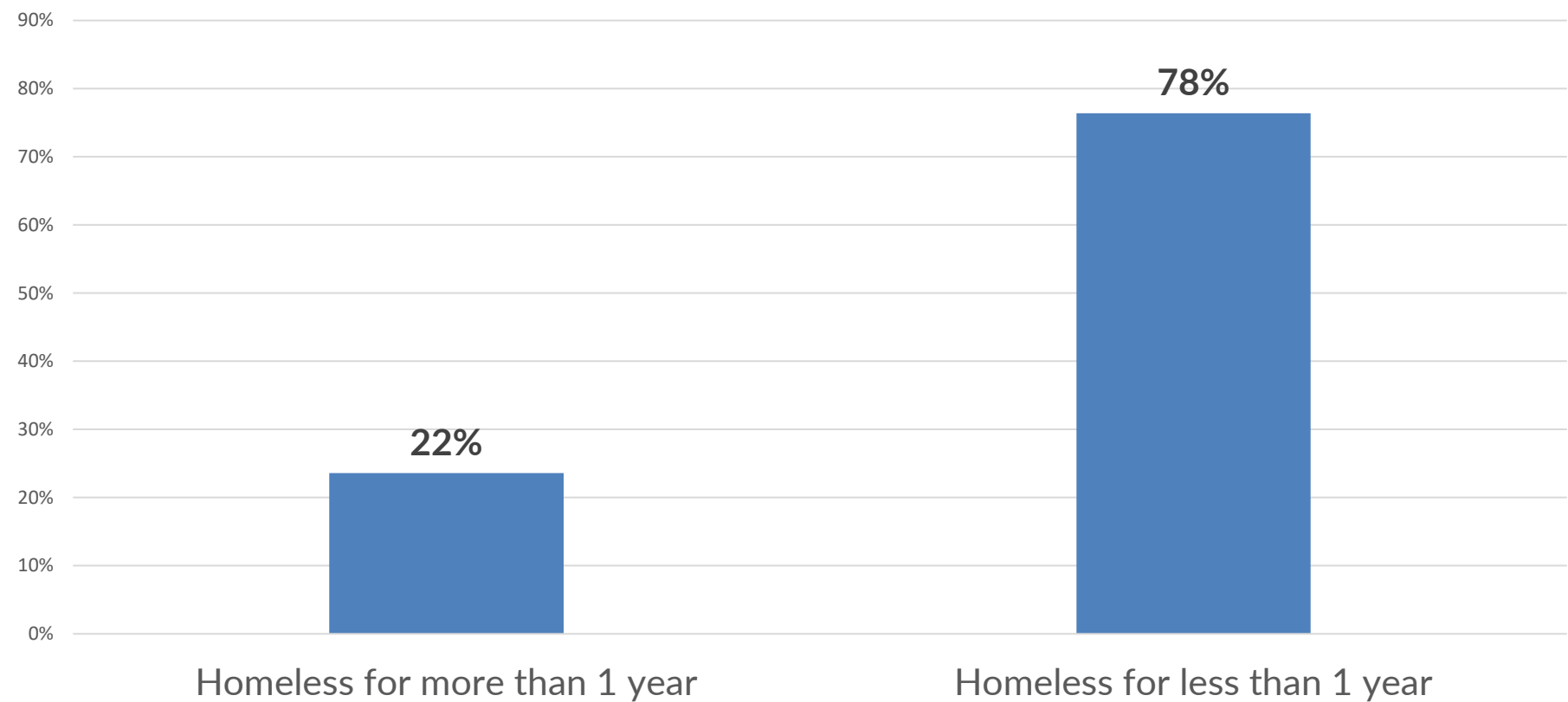
Percent change in homelessness per 10,000 residents, 2017-2022



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.

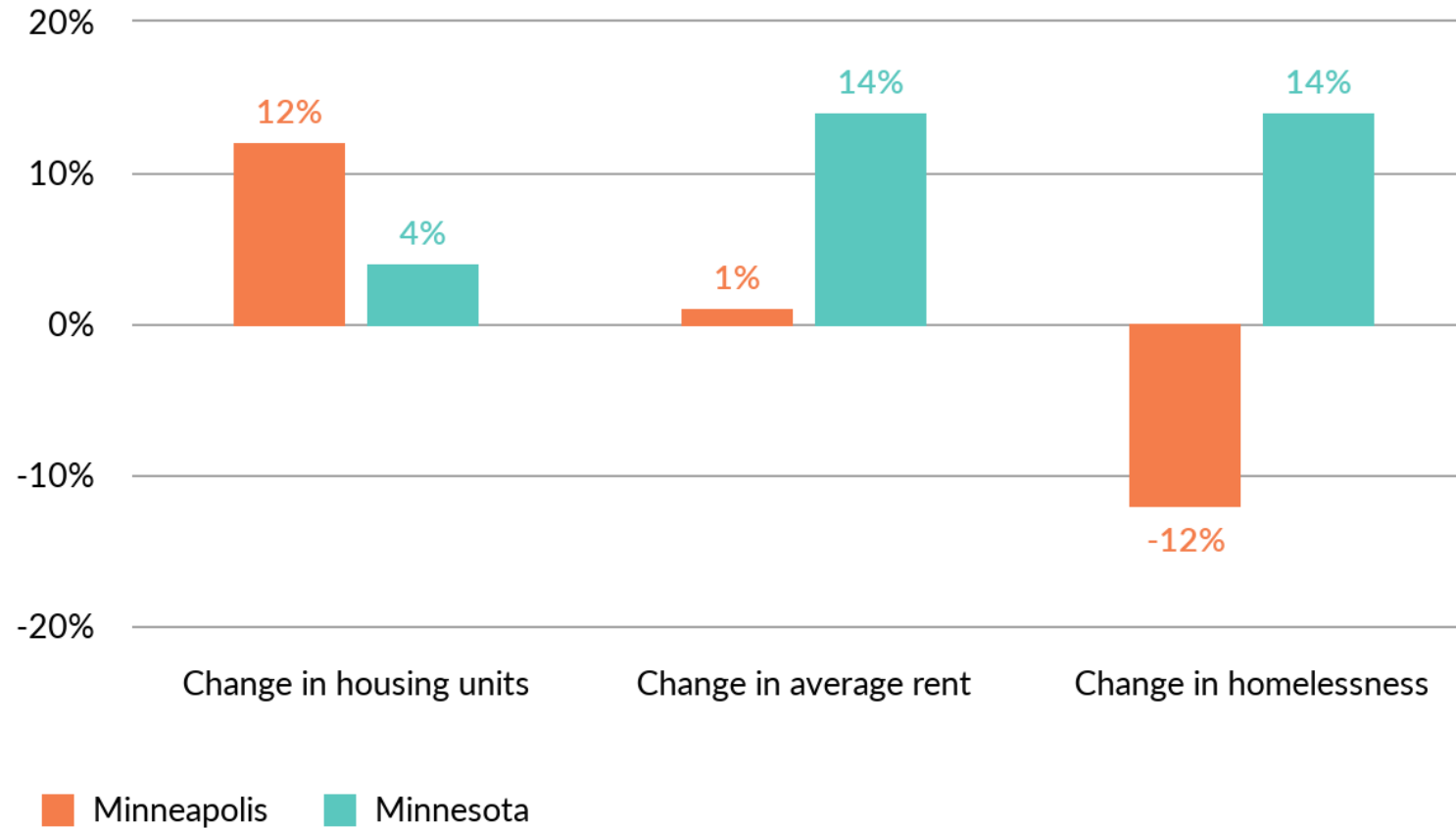


**771,480 people
identified in 2024
homelessness count
in United States (all-
time high)**

Source: HUD PIT count

After Zoning Reform, Minneapolis Rent Growth Slowed, Homelessness Dropped

Percent change, 2017-2022



Share of Minneapolis
1-person area median
needed to afford
median apt. rent:

2017: 80% AMI

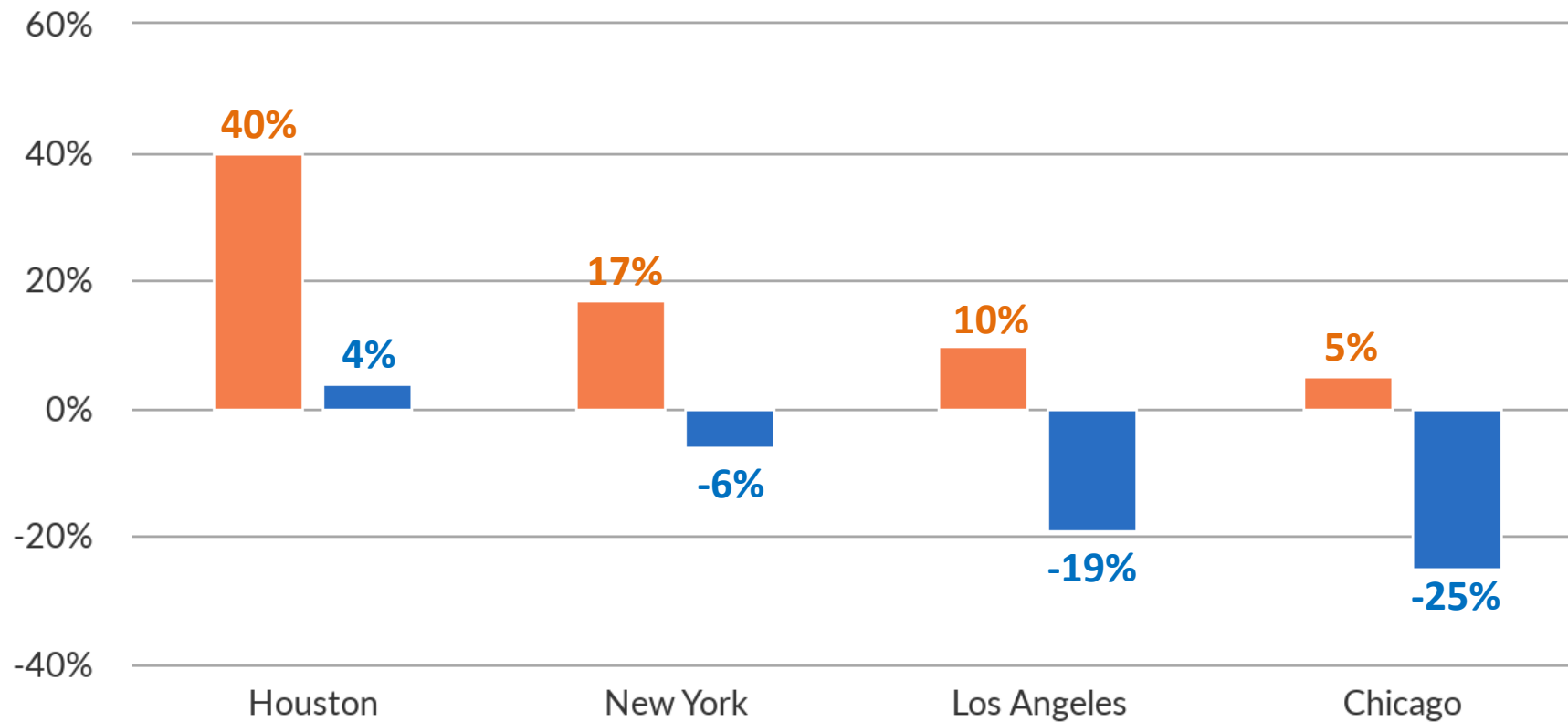
2023: 66% AMI

Number of Black
residents increased 4%
from 2017-2023

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

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.

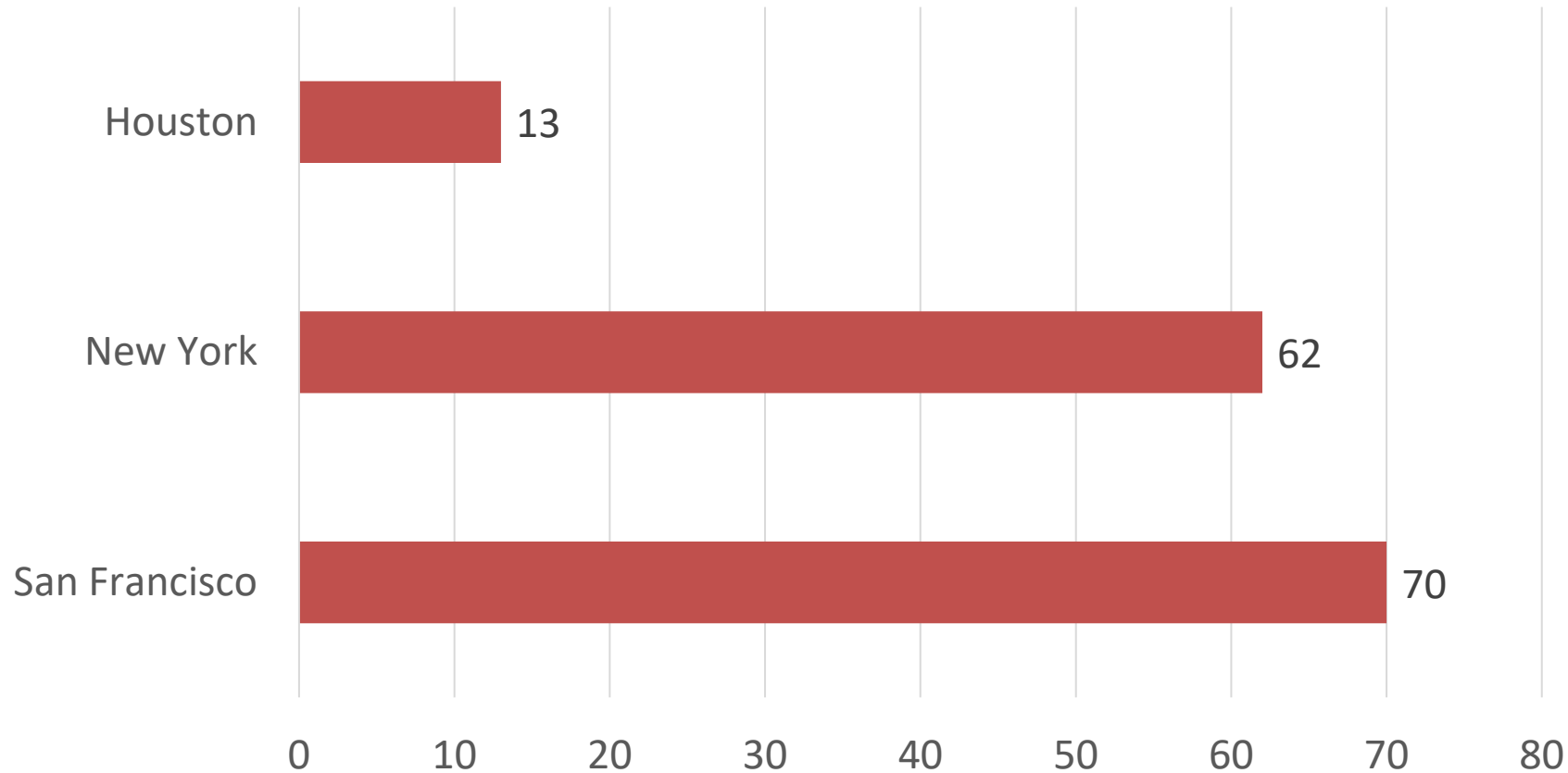
New York City, Los Angeles, and Chicago added an average of 14%.

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

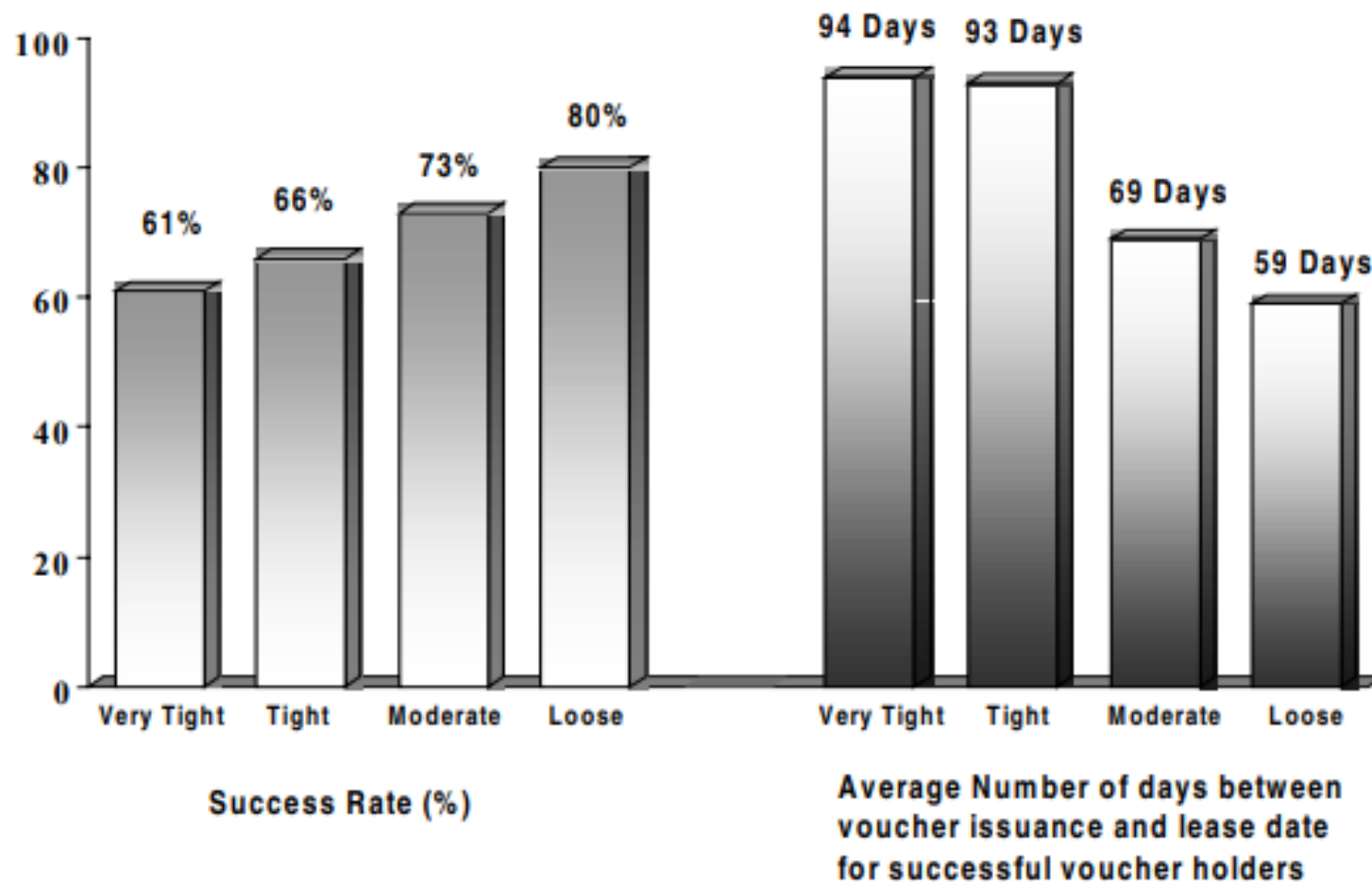
Supply Boost Has Driven Down Rents in Lower-Cost Apartments

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

Overall Housing Supply Drives Outcomes of Section 8 Voucher Holders

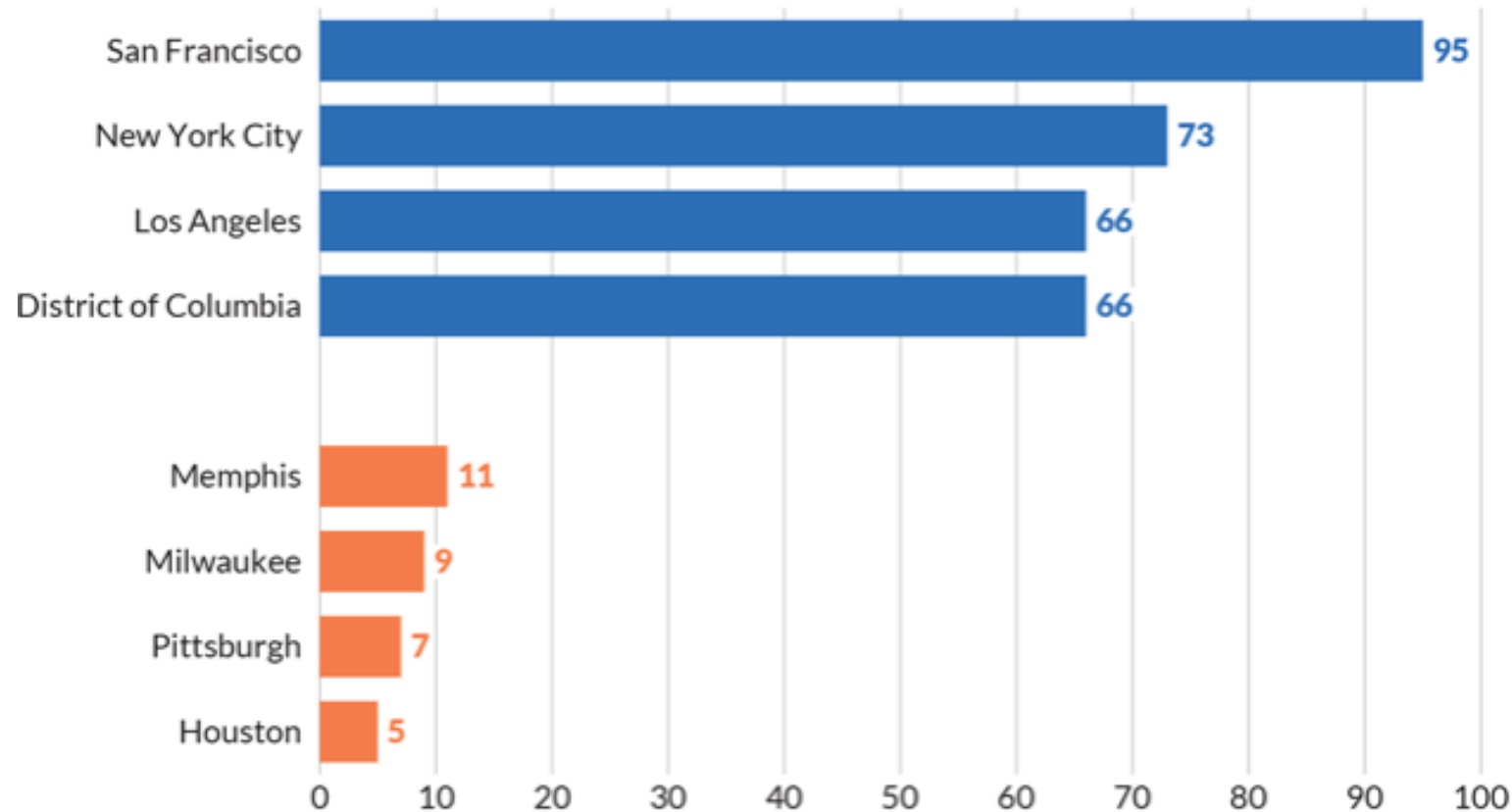
Success Rates and Time to Lease by Market Tightness



Source: Study by Abt Associates for HUD, 2001

Homelessness is High Where Rents Are High

Rate of homelessness per 10,000 in January 2022



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

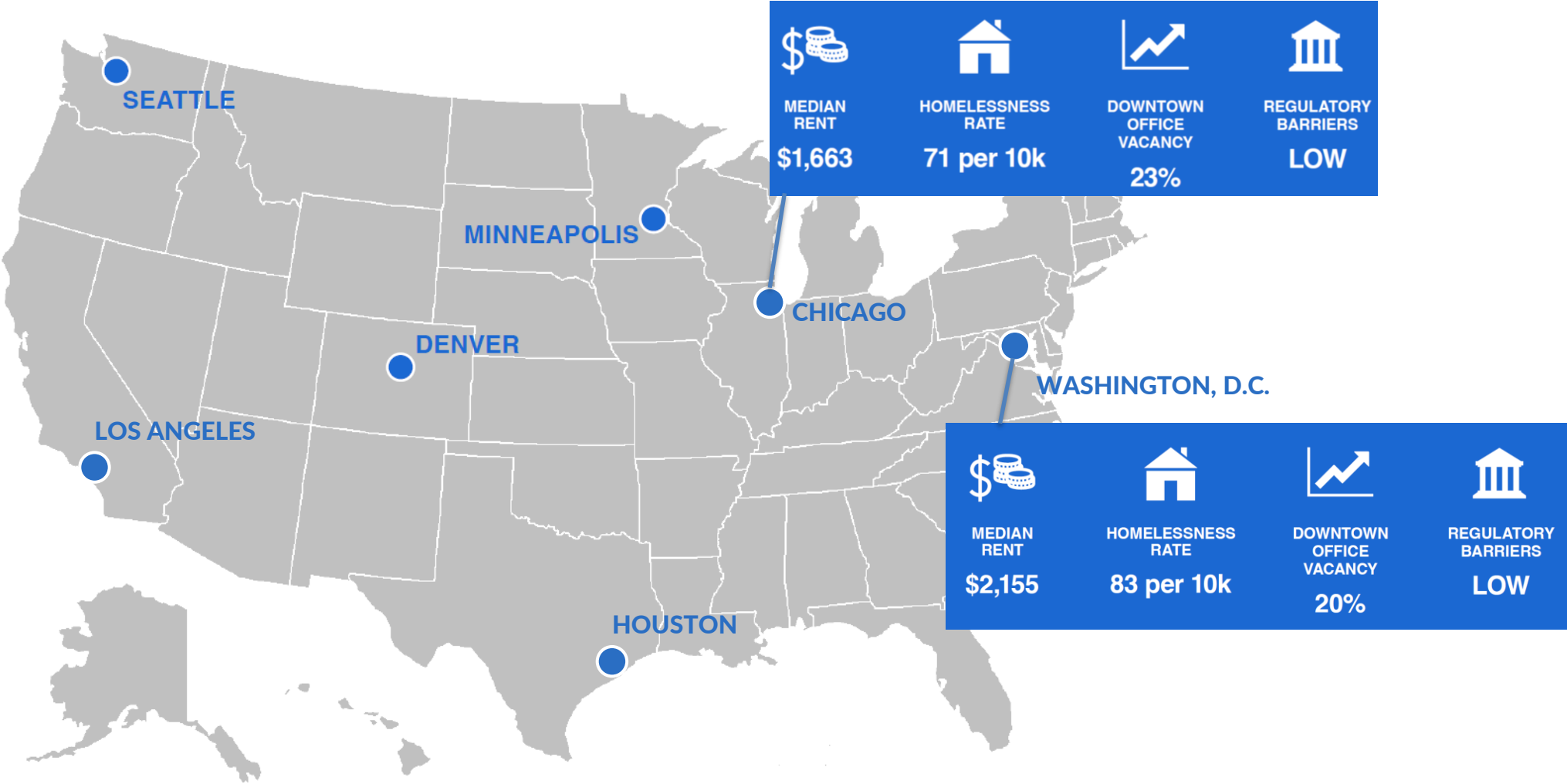
Avg. Rent (Mar. 2024):
\$1,203

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.

Co-living Study Design

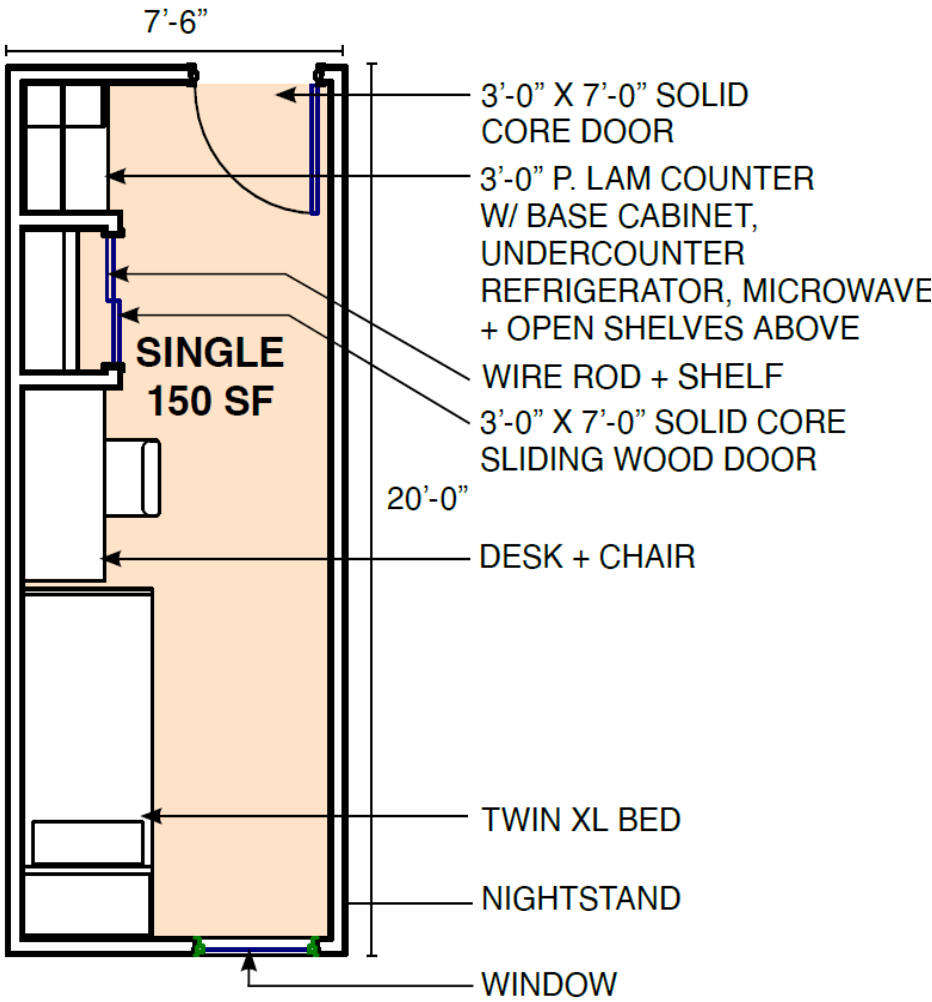
- Develop proof of concept
- Select cities where office to co-living is viable under current regulations
- Identify common building types that would work for such conversions
- Design floorplan for converted building
- Estimate construction costs and all other costs of such a conversion
- Compare development costs and outcomes with other similarly affordable housing in these markets

Cities Selected for Study



Co-living Unit vs Traditional Studio Layout

Co-living Unit Model



Traditional Studio Layout



Rendering of a Micro-Unit

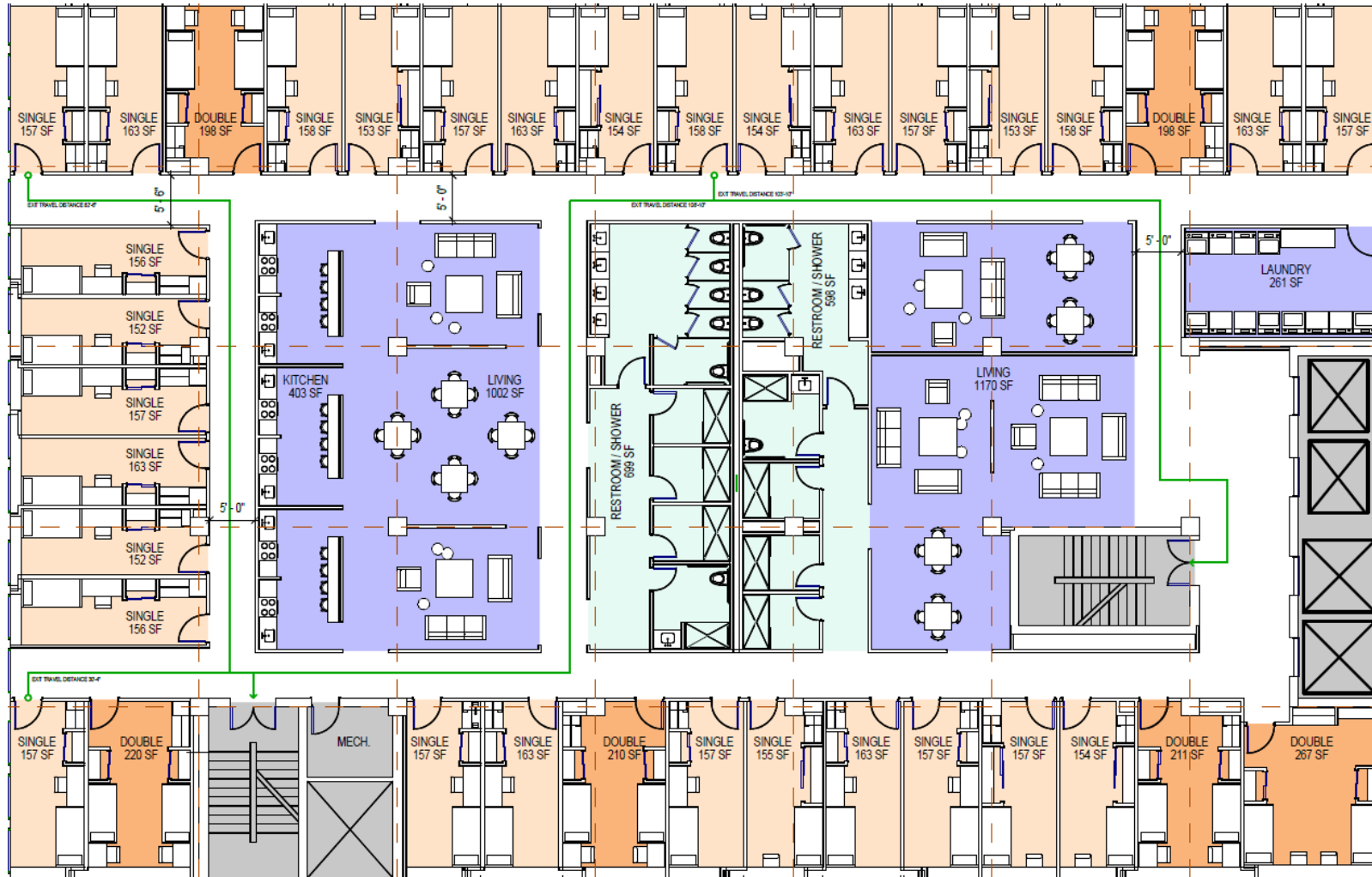


Source: Gensler

Cost Benefits of Office to Co-Living

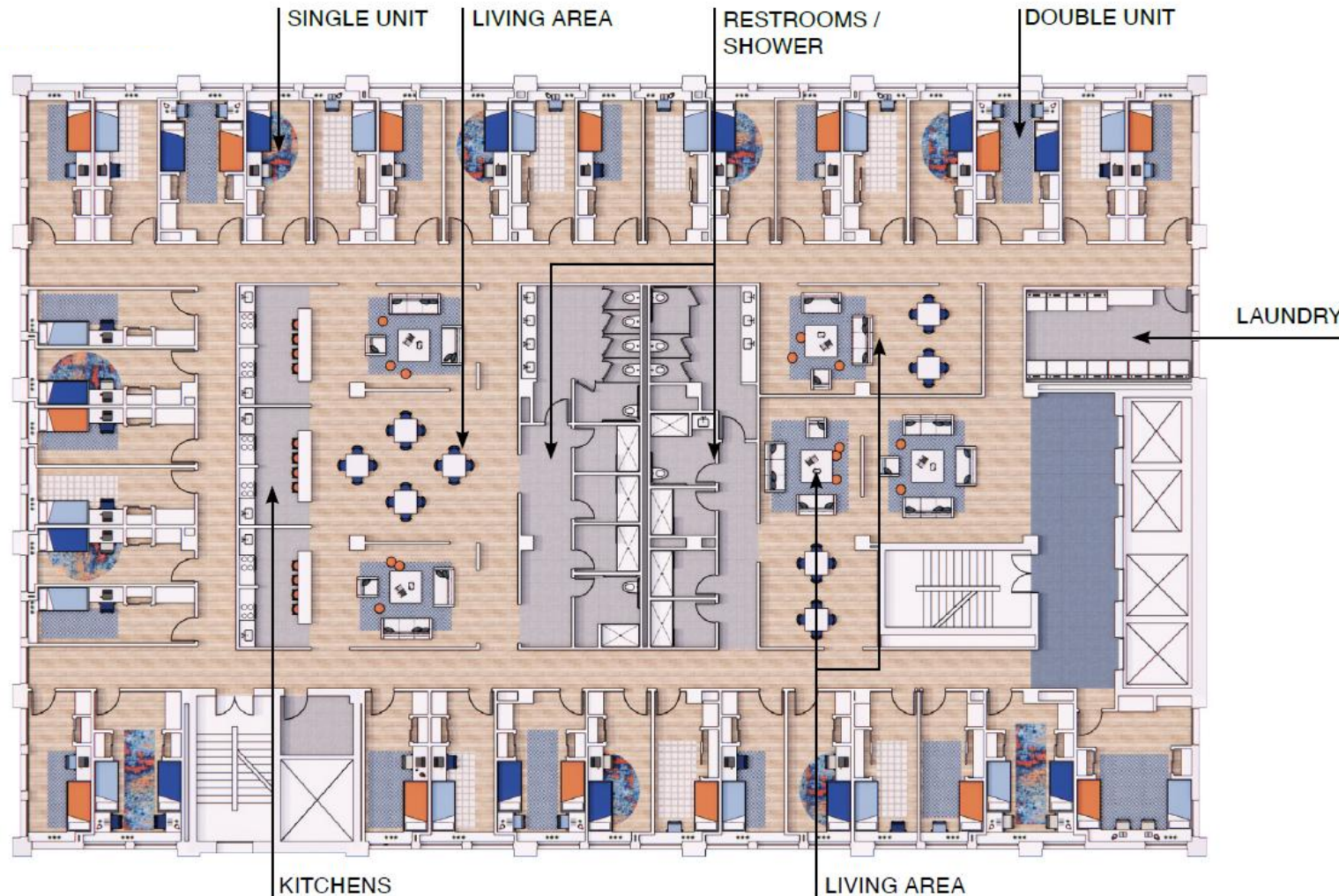
- Cost per unit 2x-4x lower than either new build or office to conventional apartment.
- Centralizing plumbing reduces costs by avoiding the expensive construction of kitchens and bathrooms in each unit.
- Construction costs are 25-35% lower per square foot than office to conventional apartments.

Chicago Building Floor Plan



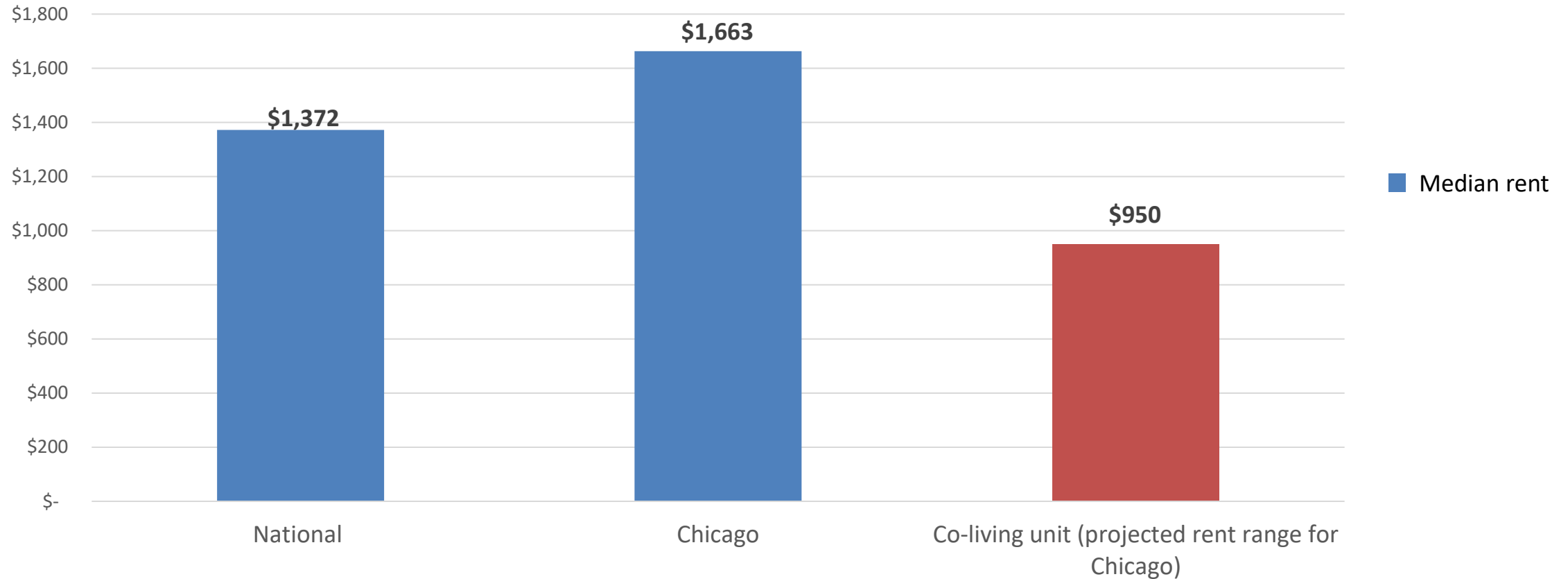
- 10 residential floors
- 42 beds per floor
- Total of 360 units (420 residents)

Chicago Building Floor Plan Rendering



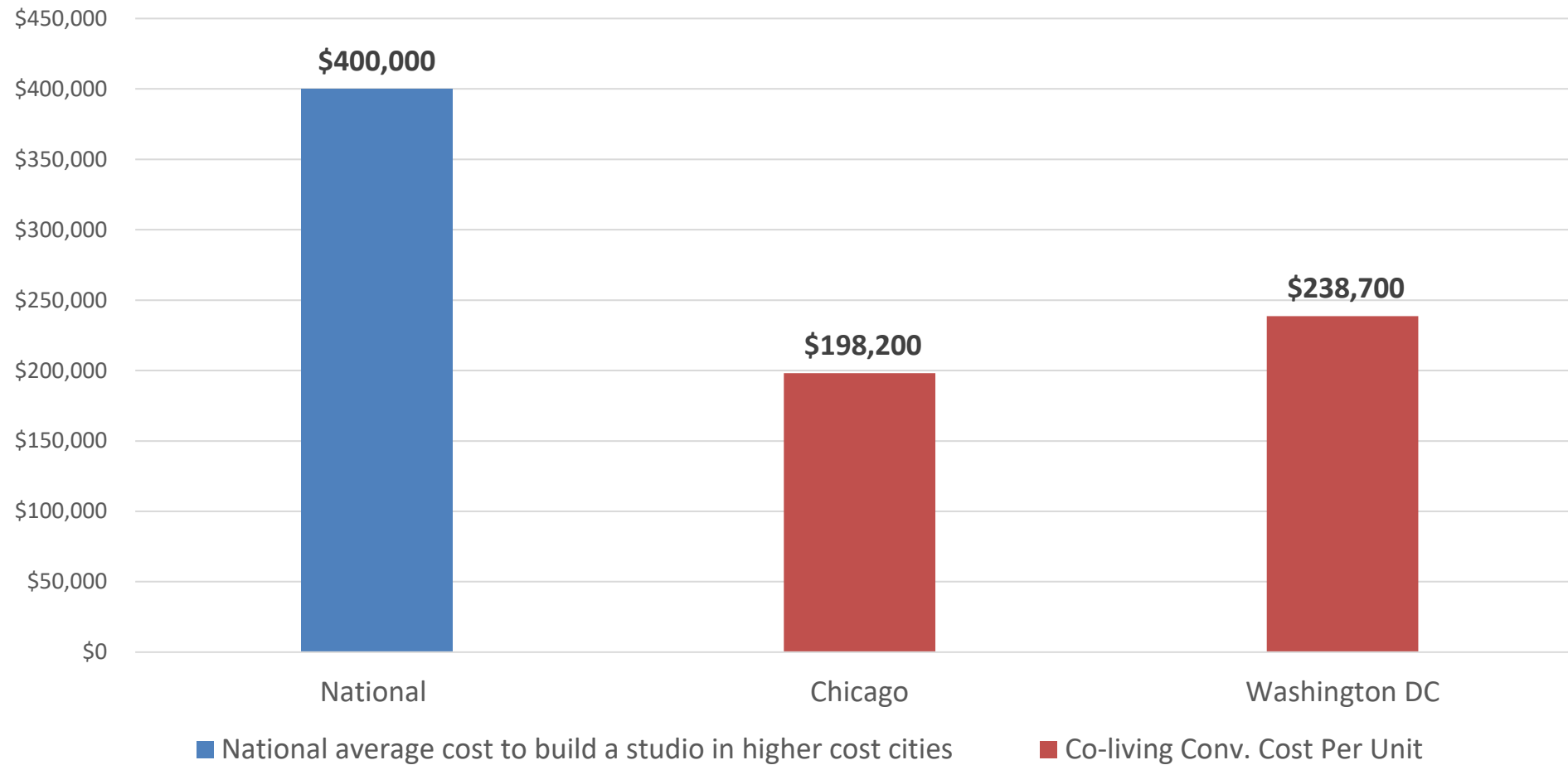
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Co-Living Conversions Can Achieve Low Rents in Chicago



Source: median rents from Apt. List in Jan. 2025; projected rents estimated by Gensler and The Pew Charitable Trusts 2025

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, 2025

Benefits of Office to Co-Living Conversions

- Revitalize downtowns, including with potential employees & customers
- Climate-friendly reuse of vacant commercial space
- Replenish low-cost housing stock lost in 2nd half of 20th century
- Stretch housing subsidy dollars much further
- Quickly reduce homelessness by providing affordable housing options
- Boost opportunity to live near jobs and transit; reduce car dependency
- Appealing to a broad spectrum of tenants: New arrivals, seniors, young adults, service workers, dorm surplus, medical staffing



Common space in a co-living space in Brooklyn in 2024
Credit: Cohabs

**More Homes (+ Subsidies, Protections, Programs)
= Less Homelessness**

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