

# 2018 GOVERNOR'S CONFERENCE ON HOUSING & ECONOMIC DEVELOPMENT

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## Commercial zoning: Past-due for change

The ancient Greeks taught us that nothing is constant but change. It's a philosophy that's true of life, society ... and real estate, too.

That's right. How individuals and communities utilize and relate to real estate evolves with time; failing to recognize and react to this reality can present a host of problems.

In particular, consider sub-



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urban and urban zoning laws regarding office space. These are generally quite rigid, to the extent that almost anyone purchasing a building zoned for office use – or leasing space in such a structure – may conduct only specifically defined activities there. Divergence from what is approved by municipal authorities will likely result in a fine, and could escalate to harsher penalties, including an owner or tenant being barred from entering the building.

So, no matter how logical such zoning laws may have seemed as recently as a decade

ago, it's obvious to many of us who earn a living in the corporate real estate sector that they now need to change. And quickly.

The problem is that throughout my home state of New Jersey, and in surrounding states, much space is sitting vacant. Sixty percent of a given building may house thriving businesses, while the other 40 percent can be entirely unused ... a situation that would greatly concern any building owner.

This happens for multiple reasons, many tied to ongoing advances in technology.

Essentially, an increasing number of businesses need far less space now to operate effectively. In some cases, they need practically no space at all. During 2002 a 100,000 s/f office building may have been in full use by a trio of productive businesses, while today these same three, still-successful businesses require only 30,000 s/f between them. Of course, this means the building's owner now faces paying a mortgage and taxes on 70,000 s/f of space that generates no income.

As soon as possible, we need to update and relax codes

related to how commercial buildings can be used – thus enabling owners to prosper and municipalities to avoid the specter of empty or even abandoned buildings. There's a great deal of opportunity here; instead of unused office space, consider if we instead had apartments, co-ops, or condominiums. And how about some space being devoted to restaurants, cafes, bars, gyms, yoga studios, beauty salons, and the like?

Making possible such mixed-use structures could trigger dramatic benefits for business owners, individuals, families, and communities. We'd help address the housing shortage many towns face, while also making it easier for businesses to attract talent based on the immediate proximity of nearby amenities like places to eat, exercise, and live.

Altering current commercial zoning regulations could be accomplished rapidly, and would quickly begin paying large dividends. There's no excuse for communities throughout New Jersey and across the entire country not to initiate the process immediately.

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